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**THE MODERATING ROLES OF CONSUMER-COMPANY  
IDENTIFICATION AND PERCEIVED FIT BETWEEN  
CORPORATE ASSOCIATIONS AND CRISIS TYPE IN THE  
EFFECTIVENESS OF CRISIS COMMUNICATION STRATEGIES**

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**by**

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## **Dedication**

To my parents, husband, and son  
For their bountiful love and support

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# **THE MODERATING ROLES OF CONSUMER-COMPANY IDENTIFICATION AND PERCEIVED FIT BETWEEN CORPORATE ASSOCIATIONS AND CRISIS TYPE IN THE EFFECTIVENESS OF CRISIS COMMUNICATION STRATEGIES**

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Many of today's corporations face crisis events. A few well-known examples include Tylenol's poisoned capsules, Odwalla's contaminated juice, Mattel's defective toys, Toyota's product-recalls, and more recently, BP's Gulf oil spill. Whether or not it is at fault, a corporation must sometimes overcome negative public sentiment resulting from a crisis and taking a proper action, especially an appropriate response strategy, is necessary for the company to overcome such a predicament.

This study, therefore, seeks to systematically investigate how two critical constructs – consumer-company identification and corporate association-crisis type congruence – in a corporate crisis context conjointly determine the effectiveness of crisis communication strategies by the corporation. More specifically, this study examines how varying degrees of consumer identification with a company affect the effectiveness of one of the common crisis response strategies, excuse. It also seeks to discover how the consumer-company identification moderates the effectiveness of different types of crisis

communication strategies (compensation vs. apology). In addition, the study attempts to determine how perceived fit between corporate associations and crisis type moderates the effects of crisis communication strategies (excuse vs. apology).

The study's results show that the excuse strategy is more effective for consumers strongly identified with a company than for those weakly identified with it. However, the level of consumer-company identification is not found to moderate the effectiveness of the compensation and apology strategies. The study also found a significant moderating role of perceived fit between corporate associations and crisis type in determining the effectiveness of the excuse and apology strategies. The findings suggest that when a company faces a crisis that violates its core corporate associations, the apology strategy is more effective; a company involved in a crisis irrelevant to its corporate associations is better served by the excuse strategy.

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## **CHAPTER I: INTRODUCTION**

Many of today's corporations face crisis events. A crisis is, by definition, an unexpected and unwanted event that seriously threatens an organization's major goals (Hermann, 1972), viability (Pearson & Clair, 1998), or social legitimacy (Cowden & Sellnow, 2002). A few well-known episodes of a corporate crisis include Tylenol's poisoned capsules, Odwalla's contaminated juice, Mattel's defective toys, Toyota's product-recalls, and more recently, BP's Gulf oil spill. Whether or not it is at fault, a corporation must sometimes overcome negative public sentiment resulting from such a crisis. In damaging a quality relationship between a corporation and the public (Coombs & Holladay, 2001), a crisis can cause the corporation severe financial and reputational setbacks (Mitroff, Pauchant, & Shrivastava, 1998). The aforementioned examples indeed showed that how a corporate crisis could quickly mar the company's once sterling image. Some of these corporations (e.g., Tylenol, Odwalla Foods, Mattel), however, by successfully managing the crisis, transformed it into an opportunity. Poor crisis management by others (e.g., Toyota, BP), on the other hand, only aggravated the predicament.

Thus, proper crisis management, and crisis communication in particular, is critical to a corporation's pulling through a crisis and to its general long-term success. Crisis communication literature suggests that crisis management can minimize reputational threats in a crisis by selecting, for each particular crisis situation, the most effective and appropriate crisis response strategy. According to Image Restoration Theory, if a

corporation takes an appropriate action in a crisis situation, it can alter the public's negative perception, restoring its reputation/image (Benoit 1997). Similarly, based on Impression Management Theory, Garrett, Bradford, Meyers, and Becker (1989) argued that an organization may influence individuals' perceptions of a negative action by elaborating on why it acted as it did. They also asserted that selecting an appropriate communicative response best suited to the situational characteristic of the negative event is far more important than simply offering just any communicative response.

This stream of context-oriented studies was developed based on Coombs's Situational Crisis Communication Theory (SCCT). SCCT provides a theoretical link between strategies of crisis communication and crisis situations. Earlier research on crisis communication simply listed various crisis response strategies and highlighted the selection of appropriate response strategies according to situational characteristics without much guidance (e.g., Bradford & Garrett, 1995; Garrett et al., 1989). In contrast, SCCT fleshes out the relations between the two constructs - crisis communication strategies and crisis situations – by introducing the concept of crisis responsibility (Coombs, 2007a). Additionally, this line of theoretical thinking demonstrates how situational factors influence the effectiveness of crisis response strategies that consequently affect organizational reputation and behavioral intention (Coombs, 2007b). The primary focus of SCCT research has been, thus, to help a company choose the best crisis response strategy for a particular crisis situation and to provide a catalog of corporate response strategies, from defensive to accommodative, that may be suited to strategically address different crisis events (Coombs, 2007a).

Some key studies have explored situational factors that, when dealing with a corporate crisis, should be taken into account. Situational factors affecting crisis-related consumer behavior during a corporate crisis found from the research include the following: media-related factors - news frames (Cho & Gower, 2006; Kim & Cameron, 2011), corporation-related factors - corporate reputation (Mowen, 1979; Mowen, Jolly, & Nickell, 1981; Siomkos & Kurtz, 1994), crisis-related factors—the perceived severity of a crisis (Robbennolt, 2000), and consumer-related factors—gender and cultural difference (Lauger & Coombs, 2006). The literature also identifies other factors that moderate the effectiveness of a crisis response strategy: crisis type (Dutta & Pullig, 2011), crisis severity and organizational responsibility (Kim, 2002), the timing of crisis disclosure (Claeys & Cauberghe, 2011), the channel of a crisis response message (Coombs & Holladay 2009), locus of control (Claeys, Cauberghe, & Vyncke, 2010), and consumers' prior expectations (Dawar & Pillutla, 2000), and others.

Taken together, previous context-oriented crisis communication studies reflect one trend: in a crisis event, individual and environmental characteristics (i.e., media-related, crisis-related, corporation-related, or crisis response-related) are seen as variables that determine attributions of responsibility. However, this line of research is rather disjointed and overlooks the comprehensive picture that should entail relationships among those variables of interest. That is, the research findings have shown the impact of each of the situational factors on the effectiveness of crisis communication strategies individually. Little effort, however, has been made to study how those situational variables (i.e., a crisis, a corporation, a consumer) are related to each other and jointly



determine consumer responses to a corporation's crisis communication strategies. Thus, this dissertation research attempts to investigate how two critical constructs – consumer-company identification, corporate association-crisis type congruence – in a corporate crisis context conjointly determine the effectiveness of crisis communication strategies by the corporation.

In this regard, what follows are three justifications for taking a closer look at consumer-company identification and corporate association-crisis type congruence as being the key situational factors that influence the effectiveness of different types of crisis communicative strategies. First, although consumer-company identification and corporate associations are central concepts in the areas of corporate management and marketing, researchers have made little effort to understand their roles in corporate crisis contexts. Second, as suggested by contingency theory (Zhang, Qiu, & Cameron, 2004), an organization's PR strategies are influenced by characteristics unique to the organization and as well as to the involved constituents or public. Nevertheless, the literature on crisis communication strategy effectiveness focuses mainly on the effects of crisis-related factors (e.g., crisis type, crisis severity) while relatively neglecting consumer-related (e.g., consumer-company identification) and company-related factors (e.g., corporate associations). Third, previous research has, as noted earlier, examined a single component/variable as a key crisis situational factor in isolation. However, the present study explores the effectiveness of crisis communication strategies as a function of relationships among multiple components (e.g., consumer and company, company and crisis). It seems advisable to apply relevant and useful concepts (i.e., consumer-

company identification, corporate associations-crisis type congruence, etc.) to the fragmented and understudied crisis communication literature. Such an effort should fill in the gap in the current literature and yield implications that are both theoretical and pragmatic.

Therefore, the first goal of the present dissertation research is to examine how varying degrees of consumer identification with a company moderate the effectiveness of different types of crisis communication strategies (excuse vs. compensation vs. apology). To achieve this goal, an experiment is designed to discover whether the excuse strategy is more effective for consumers who are strongly identified with a company than for those who weakly identified with it. The compensation strategy is as effective as the apology strategy for consumers with high consumer-company identification. The first experimental study also seeks to examine whether the apology strategy is more effective than the compensation strategy for those with low consumer-company identification. Another goal of this study is to investigate how perceived fit between corporate associations and crisis type affects the effectiveness of different types of crisis communication strategies (excuse vs. apology). To this end, another experiment will examine whether the apology strategy is more effective when company associations are congruent with a crisis type than when incongruent. The second experimental study also seeks to discover whether the excuse strategy is more effective when company associations are incongruent with a crisis type than when congruent.

The potential contribution of this dissertation research is both theoretical and practical. On the theory side, findings of this study contribute not only to the stream of

context-oriented crisis communication research but also to the literature pertaining to corporate identification and associations. In addition, this study helps explain the underlying mechanism of the effectiveness of corporate crisis communication strategies. It does this by drawing on various theoretical perspectives, including motivated reasoning theory from psychology, forgiveness theory from interpersonal communication, identification effects in celebrity endorsement literature, and, from retailing literature, the concept of feeling betrayed.

On the practical front, this research is informative to crisis managers. Findings of this research help them gain insight into how to best choose the most appropriate and effective response strategy when a crisis arises. The results of this research are especially useful regarding segmentation and targeting of crisis communication and help devise strategies depending upon target audiences' characteristics. Additionally, the findings hint at the importance of corporate associations/image management in non-crisis/routine situations as well as additional criteria to consider in selecting the best response strategy. Finally, findings in this area help provide crisis managers with cost-effective crisis communication efforts.

The remainder of this dissertation is organized as follows. Chapter II provides a comprehensive review of the related literature. Chapter III sets forth the hypotheses that are examined in this dissertation research. Chapter IV entails the method, the results, and the discussion of findings regarding Study 1. In the same order, details of Study 2 are presented in Chapter V. Lastly, Chapter VI concludes this dissertation with discussion of

the implications and limitations of the present study as well as directions for future research.

## **CHAPTER II: LITERATURE REVIEW**

This chapter covers two things. First, it reviews how crisis communication literature studies crisis communication strategies. Second, it examines how to theoretically apply to the corporate crisis context the two constructs of consumer-company identification and corporate associations-crisis type congruence. The first section will briefly address the definitions and effects of an organizational crisis. The second section will thoroughly review the literature regarding three major theories: Image Restoration Theory, Impression Management Theory, and Situational Crisis Communication. In line with the discussion of three primary theories, this section will review the research findings of previous studies on context-oriented crisis communication strategies. In particular, it examines past research on factors that moderate the effects of crisis communication strategies. The final section of this literature review will focus on corporate identity, consumer-company identification, and corporate associations. Specifically, it explains how consumer responses toward a crisis and a company are affected by the following: varying levels of consumer-company identification, and perceived fit between corporate associations and the type of crisis.

### **Organizational Crisis and Effects**

A crisis is, by definition, an unexpected and unwanted event that seriously threatens an organization's major goals (Hermann, 1972). According to Seeger, Sellnow, and Ulmer (1998), an organizational crisis is "a specific, unexpected, and non-routine event or series of events that create high levels of uncertainty and threaten or are perceived to threaten an organization's high-priority goals" (p. 233). Similarly, Pearson

and Clair (1998) state that a crisis threatens “the viability of an organization and is characterized by ambiguity of cause, effect, and means of resolution” (p. 60). Crises also “threaten to dissolve an organizations’ social legitimacy” (Cowden & Sellnow, 2002, p. 195) and can damage a quality relationship between an organization and its public (Coombs & Holladay, 2001). Finally, crises can cause severe financial and reputational setbacks (Mitroff, Pauchant, & Shrivastava, 1998).

The literature of brand crisis suggests that brand misconduct, which is referred to as product and service-related defects as well as socially or ethically debatable actions (Huber, Vogel, & Meyer, 2009), is accompanied by negative consequences on brand image and reputation (Klein, Smith, & John, 2004), brand equity (Dawar & Pillutla, 2000), and marketing effectiveness (Van Heerde, Helsen, & Dekimpe, 2007). Similarly, previous studies on product-harm crises also show that product-harm crises imperil long-standing favorable consumer impressions about the company/product. They cause a great deal of the lost market capitalization through not only product recalls but also the intangibles—damage to corporate/brand reputation and consumers’ perceptions of and attitudes toward the company/brand (Klein & Dawar, 2004).

### **Crisis Communication Strategies**

As described above, the effects of corporate crises are various but serious for both the short- and long-term survival of a corporation. Hence, corporations should proactively plan and formulate strategies to prevent potential crises or to at least minimize losses after crises occur (Ritchie, 2004). One of the critical factors that determine an organization’s viability, in a crisis situation, is consistent communication.

At the receiving end of crisis communication are not only consumers but stockholders, employees, suppliers, creditors, competitors, government agencies, and others (Cowden & Sellnow, 2002). To successfully negotiate the rough waters of a corporate crisis, a company must be strategic and consistent in how it communicates with all parties involved. Another critical point brought up in the crisis management literature is that a corporation should determine what exactly the crisis is before it responds. To best minimize negative outcomes, a company should then select the most appropriate crisis response strategy. Crisis communication strategies are supported by a large body of research that utilizes various theoretical perspectives. The following section discusses the major theories employed in the research stream of crisis communication strategies.

### ***Image Restoration Theory***

Benoit's (1995) image restoration theory is, by and large, based on rhetoric's theory of apologia: one's actions or efforts (e.g., apologia) after an offensive act may restore one's collapsed image. Dionisopoulos and Vibbert (1988) first applied to the context of corporate crisis communication the self-defense rhetorical strategies. In a similar fashion, Benoit (1995) employed the rhetorical concept of apologia in corporate crisis contexts and argued that corporate actions/efforts after a crisis could rebuild a tarnished corporate reputation/image. Basically, the image restoration theory is based on the following assumptions. First, perceptions are more important than reality. For example, even if a company is not, in fact, responsible for an offensive act, if the public believes it is, then the company's reputation/image may be negatively affected. Second, a corporation's appropriate actions/efforts may change the negative perception of the

company and consequently restore its reputation/image (Benoit, 1997). It should be noted that the key point to image restoration theory is that a corporation's appropriate actions refer to image restoration strategies suited for a specific crisis situation. Image restoration theory, thus, focuses on message options suggesting five communication strategies, some of which encompass sub-dimensions (refer to Appendix A in detail): denial, evasion of responsibility, reducing offensiveness of event, corrective action, and mortification (Benoit, 1997).

Early studies in the crisis communication domain that use image restoration theory are mostly case studies: USAir's image repair discourse (Benoit & Czerwinski, 1997), Tylenol's poisoned image repair (Benoit & Lindsey, 1987), and Texaco's damaged public image repair (Brinson & Benoit, 1999) are some of the examples. Such a case study approach is definitely useful and could provide guidance to crisis managers, especially those confronting a similar type of crisis. Some researchers, however, found this retrospective and descriptive approach insufficient to support the theoretical capability of image restoration theory. Hence, they started giving their attention to evidence-based crisis communication by empirically testing various types of response strategies in a particular crisis context (Coombs, 2007).

Dean (2004), for instance, examined the effect of corporate response strategies (appropriate message vs. inappropriate message) on consumer evaluations of the company in the context of a food recall crisis. The results of the study showed that an appropriate message led to more positive evaluations than an inappropriate message. The former would include elements of corrective action and reducing offensiveness



(compensation). The latter would contain elements of denial (blame shift) and reducing offensiveness (bolstering). This finding is, of course, consistent with traditional wisdom: the more accommodative strategy, the more effective. Dardis and Haigh (2009), however, found that such common sense occasionally fails to hold true. They examined how each of Benoit's five image restoration strategies –denial, evasion of responsibility, reducing offensiveness of event, corrective action, and mortification– affected consumers' attitudes toward a company, the perceived corporate reputation, perceived corporate credibility, and perceived corporate positioning during a product-harm crisis situation. The study results demonstrated that, of the five strategies, reducing offensiveness was the most effective strategy regarding reputation-related perceptions of a company. Moreover, no difference manifested itself among the remaining four image restoration strategies. This finding supports the fact that accommodative strategies (e.g., apology, compensation, etc.) do not always guarantee success. In certain crisis situations, less accommodative strategies (e.g., reducing offensiveness of event) may be more effective than dramatically accommodative strategies. This implies that in crisis communication strategy studies, researchers should take into account crisis situations/contexts. Along these lines, one theory that supports the employment of communicative response strategies according to crisis situations is impression management research.

### ***Impression Management Theory***

Impression management theory is consistent with image restoration theory in so far as communication can be strategically used to repair a public impression/image. Impression management theory is largely based on attribution theory. More particularly,

classical attribution theory assumes that people search for information to determine the cause of a given action (Weiner, 1986). Impression management theory argues that people determine the cause of an observed action and hold perceptions of the actor or action based on information only accessible to them (Schlenker, 1980). This implies that people may be prone to error in determining the cause of an action and consequently form their perceptions of a given action from missing information. Impression management theory assumes two things: fundamental attribution error and the discounting principle (Bradford & Garrett, 1995). The fundamental attribution error posits that individuals show a tendency of attributing the responsibility of unethical behavior to stable personal dispositions of the actor (e.g., selfishness, irresponsibility, etc.). Thus, should a perpetrator fail to provide information regarding the context of his or her behavior, observers will tend to ascribe the cause of the negative action to the actor's disposition (Bradford & Garrett, 1995). The discounting principle asserts that since individuals form judgments based solely on information available to them, if other appropriate explanations regarding the unethical behavior are given, this additional information may be used to discount the negative nature of the action and consequently to affect their judgments (Kelly, 1973).

Based on the fact that an organization may influence individuals' perceptions of a negative action by presenting additional explanations about that action, a stream of impression management research identifies four communicative response strategies that can be offered in organizational crises (Garrett et al., 1989, p. 511).

- 1) Denials: Denials are statements that deny the occurrence or existence of the questionable event, or deny that the accused organization is the cause of the event.
- 2) Excuses: Excuses are statements that argue that the accused organization should not be held responsible for the occurrence and/or impact of the questionable event because certain factors limited the organization's control over the occurrence and/or impact of this event.
- 3) Justifications: Justifications are statements that argue that, even though the accused organizations are responsible for the questionable event, the standards being used by the accusers to evaluate the event's impact are inappropriate.
- 4) Concession: Concessions are statements that agree that the questionable event did occur, that the accused organization caused this event, that the accused organization had control over the occurrence and/or impact of this event, and that the evaluative standards being used by the accusers are appropriate.

In addition to defining four distinctive communicative responses to crises, this research stream, more importantly, asserts that selecting an appropriate communicative response which best fits the situational characteristic of the negative event is far more important than simply offering just any communicative response (Garrett et al., 1989). That is, to be effective, a response should be selected that accords with the crisis situation. The corporate communicative response model (Bradford & Garrett, 1995) well presents the importance of the matching between crisis communication strategies and crisis situations. This model identifies four crisis situations: commission, control,

standards, and agreement and presents how each of the communicative responses can be used under each of the four different situations as follows (Bradford & Garrett, 1995, p. 878):

- 1) When an accused actor can provide evidence that he/she did not commit an allegedly unethical action (commission situation), this actor should deny it.
- 2) When an accused actor can provide evidence that he/she did not have control over the occurrence and/or impact of an allegedly unethical action (control situation), this actor should offer an excuse.
- 3) When an accused actor can provide evidence that inappropriate standards are being used to evaluate this allegedly unethical action (standards situation), this actor should offer a justification.
- 4) When an accused actor concludes that the allegations raised are valid (agreement situation), the actor should offer a concession.

Based on the corporate communicative response model, Bradford and Garrett (1995) suggest that even though a particular communicative response (e.g., denial) is not always the best strategy in a particular situation (e.g., commission situation), in certain crisis situations certain response strategies outperform others. For example, in an agreement situation, a justification or a concession result in positive corporate image scores; in terms of consumer evaluations a denial or an excuse are worse than no response at all. Huang's (2006) study further validated the corporate communicative response model. It investigated the relationships among crisis response strategies (denial, excuse, justification, and concession), crisis situations (commission, control, standards,

and agreement) and media coverage. The study's results revealed that the use of denial in a commission situation, justification in a standards situation, and concession in an agreement situation increased positive media coverage. Taken all together, the corporate communicative response model suggests that research on the effectiveness of crisis communication strategies should be dealt with within a crisis context.

### ***Situational Crisis Communication Theory***

Situational Crisis Communication Theory (SCCT) is another significant theoretical foundation that sheds light on what goes into effective corporate crisis communication. SCCT provides a theoretical link between crisis communication strategies and crisis situations. Earlier research on crisis communication simply lists crisis response strategies and highlights the selection of appropriate response strategies according to situational characteristics (e.g., Garrett et al., 1989; Bradford & Garrett, 1995). In contrast, SCCT elaborates on the relations between two constructs – crisis communication strategies and crisis situations – by introducing the concept of “crisis responsibility,” drawn from attribution theory (Coombs, 2007a). Put another way, SCCT focuses on the complexity of a corporate crisis by suggesting situational factors. It also shows, in theory, how the influence of such situational factors is related to the effectiveness of crisis response strategies and how the effects of crisis communication strategies consequently affect organizational reputation and behavioral intention (Coombs, 2007b).

SCCT analyzes three elements of crisis situations – crisis responsibility, crisis history, and prior relationship reputation. SCCT tries to determine how these elements

may affect the threat to a company's reputation. That is to say, it tries to determine how much damage a company will sustain if it offers no response in a crisis (Coombs, 2007b). Crisis responsibility refers to the degree to which the public blame the organization for the crisis event (Coombs 1998). It has often been operationalized in the crisis management literature as crisis type (Coombs, 2007a, 2007b). Crisis type represents a frame that indicates how the public should interpret a crisis event (Coombs, 2007b). That is, the type of crisis affects attributions of corporate responsibility and thus influences a corporation's level of responsibility. On the other hand, crisis history indicates whether an organization has had the same crisis in the past (Coombs, 2007b). A history of crisis may be a factor in the threat to reputation. Finally, prior relationship reputation refers to an organization's relational reputation with stakeholders in other contexts (Coombs, 2007b). If an organization has treated stakeholders well in other organizational contexts, a crisis is likely to be perceived as a single distinctive case; the distinctiveness of the crisis may serve as a factor in reducing the threat to the company's reputation. Crisis responsibility is directly related to organizational reputation, according to Coombs's (2007a) crisis situation model of SCCT. The other two factors – crisis history and prior relationship reputation — not only directly affect organizational reputation, but also indirectly influence it by affecting crisis responsibility. Of the three factors, SCCT researchers have devoted most of their attention to crisis responsibility.

As noted earlier, crisis responsibility has been researched as a form of crisis type. Crises come in all forms. They range from small-scale organizational issues to natural disasters. Crisis management literature has employed a variety of ways to identify crisis

typology. Lerbinger (1977) grouped crises into seven categories: natural crises, technological crises, confrontational crises, crises of malevolence, crises of management values, crises of deception, and crises of management misconduct. Based on attribution theory (Weiner 1986), Coombs and Holladay (1996) formulated crisis typology into such categories as accidents, transgressions, faux pas, and terrorism. To understand how a crisis is classified, it is necessary to know its elements. One is control. The two dimensions of control are internal (by the organization itself) and external (by some agents outside of the organization). Another element is intentionality— did the crisis happen on purpose. Hence, an accident is unintentional and internal; a transgression is intentional and internal; a *faux pas* is unintentional and external; and terrorism is intentional and external. Coombs (1999) later proposed five major categories of crises: misdeeds (organizational misdeeds and human breakdowns), accidents (technical breakdowns, challenges, workplace violence, and mega-damage), malevolence, natural disaster, and rumors. On the other hand, Coombs and Holladay (2002) grouped crisis typology into three clusters that generate similar levels of crisis responsibility: victim cluster (natural disaster, workplace violence, product tampering, and rumor), accidental cluster (technical-error accident, technical-error product harm, and challenge) and intentional cluster (human-error accident, human-error product harm, and organizational misdeed).

Research regarding the effects of crisis type has often zeroed in on two types – accident and transgression. Consumers are more likely to attribute responsibility to a corporation for a transgression crisis than for an accident crisis (Cho & Gower, 2006;

Kim, Kim, & Cameron, 2008). This different attribution of corporate responsibility for the crisis event affects consumers' perceptions of and attitudes toward the corporation. For example, consumers exposed to news of an accident crisis, one study found, perceived a corporation more positively than those exposed to a transgression crisis (Coombs & Holladay, 1996). When pre-test and post-test ratings of credibility of and attitude toward the corporation are compared, larger changes have been found in the condition of the transgression crisis than the condition of the accident crisis (Kim & Choi, 2012). In a similar vein, crisis type – accident or transgression – affects consumers' perceptions of ad credibility. Consumers are more likely to believe a corporate ad message from a company that caused a crisis by accident than from one that caused a crisis through a transgression (Kim & Choi, 2012).

The primary focus of SCCT research is to help a company choose the best crisis response strategy for a particular crisis situation. Hence, another main component of SCCT is crisis response strategy. Coombs (2007a) first grouped crisis communication strategies into two categories: primary and secondary. Within each category, Coombs again specifically defined the crisis response strategies. Primary crisis response strategies include attacks on the accuser, denial, scapegoat, excuses, justifications, compensation, and apologies. Secondary crisis response strategies include reminder, ingratiation, and victimage (refer to Appendix B for detailed descriptions). He further arranged the response strategies on a continuum going from defensive to accommodative. At the defensive end, strategies seek to defend an organization's position. At the accommodative end, strategies seek to protect victims. These strategies have been named



according to the level of acceptance of crisis responsibility: deny, diminish, rebuild, and reinforce (Coombs, 2004, 2006). Denying strategies (i.e., denial, scapegoat) refuse to acknowledge an organization's involvement in a crisis. Such strategies are effective, of course, if an organization can provide evidence of their non-involvement (e.g., rumor crises). Diminishing strategies (i.e., excuse, justification) seek to reduce an organization's responsibility for a crisis event by emphasizing its lack control over the crisis. Thus, diminishing strategies will be more effective in an accidental cluster than in a preventable cluster. Rebuilding strategies (i.e., compensation, apology) attempt to offset any negative images caused by a crisis and, by offering forms of aid to victims, restore a company's reputation. Therefore, rebuilding strategies are effective in the preventable cluster or in the accidental cluster with a crisis history and/or unfavorable prior relationship reputation. Lastly, reinforcing strategies (i.e., bolstering, ingratiation) try to develop reputational assets by reminding the public of past good works or by praising stakeholders. Reinforcing strategies are best used as secondary crisis response strategies along with the three primary strategies (Coombs 2007a).

### ***Context-Oriented Crisis Communication Strategies***

As it explores the effectiveness of crisis response strategies, SCCT literature highlights the importance of situational factors. The importance of situational factors is validated by the contradictory results found in crisis communication literature. Some studies that demonstrated that, regardless of the crisis situation, concession communicative responses are more effective than less accommodating ones (Bradford & Garrett, 1995; Coombs, 1996; Lyon & Cameron, 2004; Huang, 2006). Other researchers,

however, challenge the notion that concession is one of the most effective communicative strategies in crisis situations (Huang, 2008; Dardis & Haigh, 2009). As mentioned above, a crisis situation, far from being simple, has many facets. It should thus be studied from a perspective that is more complex, dynamic, and multifaceted. Doing so will help a company apprehend the situation and find the most effective crisis communicative strategy. Hence, a company must identify potential situational factors. Such efforts would expand the current SCCT literature and offer more specific and practical recommendations to crisis managers/communicators.

Some substantial studies have explored situational factors that should be taken into account in a corporate crisis context. Based on the framing theory, Cho and Gower (2006) emphasized the role of media in a corporate crisis situation. It has been argued that media, and how it chooses to frame an issue, can affect the public's perceptions, opinions, or attitudes about a crisis (Entman, 1993). Their results showed that framing a transgression crisis as a human-interest story affected readers' attributions of the crisis. That is, consumers, feeling a strong emotional response, ascribed more responsibility to the corporation than when the crisis was not framed as a human-interest story. Kim and Cameron (2011) also investigated the effect of different news frames (anger-inducing crisis news vs. sadness-inducing crisis news) on readers' attitudes. They found that between news frames that induced anger and those that induced sadness, the former generated more negative attitudes regarding the corporation's responsibility. This finding implies that media's viewpoint on a crisis event (news framing) influences perceptions of and attitudes toward an organizational crisis.

Past research suggests that, in addition to the media, consumer perception of an on-going crisis is affected by corporate reputation. Siomkos and Kurzbard (1994) found that when a crisis involved a reputable and well-known company, consumers perceived as relatively small the degree of danger associated with it. Mowen (1979) also showed that corporate reputation influenced consumer response to product recalls; a familiar company was blamed less for a product defect than was an unfamiliar company. Similarly, Mowen, Jolly, and Nickell (1981) showed that consumers perceived a product defect differently depending on a corporation's reputation. As might be assumed, when a company is confronted with a crisis, in particular, a product failure, favorable corporate reputation lessens blame attribution (Laczniak, DeCarlo, & Ramaswami, 2001) and, to some extent, protects a corporation from damage (Lyon & Cameron 2004).

Another study (Laufer & Coombs, 2006) that investigated a product-harm crisis context argued that the perceived severity of a crisis impacts blame attribution. Robbennolt (2000) found that when outcomes resulting from a crisis event were severe, people were more likely to attribute responsibility than if the outcomes were mild. Interestingly, Laufer and Coombs (2006) also suggested that individual characteristics, in particular, gender and cultural difference, affect perceptions of crisis severity; they are thus significant factors in determining consumer attributions of blame. According to the literature, women, more than men, have a tendency of perceiving negative events as more severe (Harris & Miller, 2000; Laufer & Gillespie, 2004). The underlying explanation of this argument is that women are more likely to be concerned that an accident could happen to them. This sense of vulnerability makes them view the event as more severe.

And women's tendency of perceiving a crisis to be more severe results in stronger blame attributions (Laufer & Gillespie, 2004). Furthermore, people from different countries may differ in their perceptions of crises. Hofstede (1997) defined one cultural dimension that affects consumer blame attributions (Laufer & Coombs, 2006), uncertainty avoidance. That is, people in countries that rank high in uncertainty avoidance show stronger reaction toward a product-harm crisis than those in countries that rank lower in this cultural dimension (Taylor, 2000). The literature on tolerance for ambiguity further supports the links among uncertainty avoidance, perceptions of crisis severity, and the attributions of crisis responsibility to a corporation (Laufer et al., 2005).

Another interesting research trend found in the literature is scholars' going beyond simply comparing which type of crisis communication response is more effective. They have begun looking at other factors to moderate the effectiveness of a crisis response strategy. Dutta and Pullig (2011) argued that the relative effectiveness of the response strategies to crises may depend on crisis type. The results of the study indicated that corrective action was found to be a more effective response strategy for a performance-related brand crisis (i.e., defective product) than reduction-of-offensiveness or denial. On the other hand, for a value-related brand crisis (i.e., social or ethical issues), reduction-of-offensive was just as effective as corrective action. Another study by Kim (2002) investigated the effects of the severity of crisis and organizational responsibility on crisis communication strategies. The findings suggest that, in a condition of low responsibility and low severity, an organization should attack the accuser or deny the crisis event. If responsibility is low but severity high, then the organization should use an

excuse response. While in the case of high responsibility and low severity, justification and ingratiation are two effective response strategies; in the case of high responsibility and high severity, corrective action or a full apology are two strategies that are advisable.

Still other studies have focused on how the manner of crisis communication moderates the effect of crisis communication strategies. Claeys and Cauberghe (2011) examined how the timing of crisis disclosure (ex-ante vs. ex-post) moderates the effect of crisis response strategies (response strategy vs. objective crisis information only) on post-crisis organizational reputation. Their results suggest that when a corporation discloses its own crisis before it is discovered by a third party (ex-ante), it can produce the same impact on organizational credibility by offering objective crisis information as it can by using a crisis response strategy (e.g., apology, denial, scapegoat, etc.). If it waits until after a third party discovers a crisis (ex-post), a company will fail to produce the same impact by providing objective crisis information. It is then necessary to employ crisis response strategies such as apology. Coombs and Holladay (2009) examined how the channel of a crisis response message (print vs. video) affects the effect of response strategies/contents (sympathy vs. compassion) on perceptions of organizational reputation, perceptions of anger, anticipated negative word-of-mouth, and perceptions of account. They, however, failed to find any impact.

As discussed earlier, individual characteristics (e.g., gender, cultural difference, etc.) have been found to influence crisis-related consumer behavior. Only a few studies have explored the role of individual characteristics on the effect of crisis communication strategies. According to Claeys, Cauberghe, and Vyncke (2010), a person's locus of

control has a moderating impact on the effect of crisis communication strategies on corporate reputation. They found that denying strategies were more effective with people having an external locus of control and that diminishing strategies were the same for both groups. In addition, Dawar and Pillutla (2000) investigated whether consumers' prior expectations play a moderating factor in the effectiveness of different types of corporate crisis responses. Their results indicated that even if exposed to a product-harm crisis, people with stronger prior expectations are less likely to lose brand equity compared to those with weak prior expectations in all three response strategies (unambiguous support, ambiguous response, and unambiguous stonewalling response).

These previous context-oriented crisis communication studies reflect one trend: in a crisis event, individual as well as environmental characteristics (i.e., media-related, crisis-related, corporation-related, or crisis response-related) are seen as variables of attributions of responsibility, respectively. This perspective, however, overlooks the relationships among these variables. That is, the previous literature has shown the impact of each of the situational factors on the effect of crisis communication strategies on consumer responses. Little is known, however, about how the relationships among situational components (i.e., a crisis, a corporation, a consumer) serve as another situational factor. Thus, the current study, by including two concepts – consumer-company identification and corporate associations-crisis type congruence – in a crisis context, attempts to seek to discover their roles in the effectiveness of crisis communication strategies.

### **Corporate Identity, Consumer-Company Identification and Corporate Associations**

Corporate identity and corporate associations are two central concepts in corporate management, corporate-level marketing, and corporate brand (Dacin & Brown, 2002). Corporate identity refers to “the features, characteristics, traits or attributes of a company that are presumed to be central, distinctive and enduring” (He & Mukherjee, 2009, p. 1). Corporate identity refers to the intended characteristics of a company in which decision makers or marketers attempt to promote to external and internal constituents. On the other hand, the concept of corporate associations, derived from research in psychology on associative network models of memory, refer to any kinds of emotions, feelings, beliefs, evaluations, etc. about a company with which the external and internal constituents (e.g., consumers) are associated (Dacin & Brown, 2002). Therefore, the ideal relationship between corporate identity and corporate associations is that individuals are associated with a company as intended characteristics promoted by the company (i.e., corporate identity). However, it is often the case that the intended characteristics of the company are not the same as consumers’ associations with the company.

Despite the growing literature on corporate identity, little research has been conducted on exploring the link between corporate identity and corporate associations. Corporate identity has been studied from a corporate management or strategic marketing perspective, yet not much has been researched from a consumer-marketing perspective (He & Mukherjee, 2009). In this respect, consumer-company identification is an important concept in explaining the interactive mechanism of corporate identity and corporate associations from a consumer’s point of view (Bhattacharya & Sen, 2003; Bick,

Jacobson, & Abratt, 2003; He & Mukherjee, 2009). Consumer-company identification refers to a consumer's identification with a company, an identification that helps the consumer satisfy important self-definitional needs (Bhattacharya & Sen, 2003).

Therefore, identification occurs when consumers perceive an overlap between their own identities and the associations they hold with a company (Dacin & Brown, 2002). Recent research suggests that consumer identification with a company affects consumers' cognitive, affective, and behavioral responses (Ahearne, Bhattacharya, & Gruen, 2005; He & Mukherjee, 2009), but the role of consumer-company identification in consumer marketing contexts still remains unclear.

In this regard, what follows are three justifications for taking a closer look at consumer-company identification and corporate associations-crisis type congruence as situational factors that influence the effectiveness of different types of crisis communicative strategies. First, despite such a central concept in the areas of corporate management and marketing, researchers have made little effort to understand the role of consumer-company identification and corporate associations in corporate crisis contexts. Second, as suggested by contingency theory (Zhang, Qiu, & Cameron, 2004), the individual characteristics of an organization and the public influence the organization's PR strategies. Nevertheless, previous literature on crisis communication strategy effectiveness has focused mainly on the effect of crisis-related factors (e.g., crisis type, crisis severity), and have relatively neglected consumer-related (e.g., consumer-company identification) or company-related factors (e.g., corporate associations). Third, previous research has examined a single component/variable as a crisis situational factor.



However, the present study explores the effect of between-component relationships (e.g., consumer and company, company and crisis) on crisis communication strategies. The application of relevant and useful concepts (i.e., consumer-company identification, corporate associations-crisis type congruence) in unexamined diverse crisis communication domains are recommended because such efforts should yield missing information that is both theoretical and pragmatic.

### ***Consumer-Company Identification in a Crisis***

Some previous studies show that consumer-company identification enhances consumers' resilience to negative information about a company. That is, consumers who strongly identify with a company are likely to perceive more favorably any negative information about the company than will those who weakly identify with the company (Bhattacharya & Sen, 2003; Einwiller et al., 2006).

According to motivated reasoning theory (Kunda, 1990), when people process information and form judgments, they are motivated either to arrive at either an accurate conclusion or a desired one. If they are searching for a particular conclusion, individuals process information in a dramatically biased manner. If searching for accuracy, they do so in an unbiased manner. Motivation may be determined by such consumer characteristics as brand commitment, or consumer-company identification. Ahluwalia et al. (2000) found that when commitment to a brand is lower, consumers evaluate negative information about the brand in a less biased and more diagnostic manner. When commitment to a brand is higher, they are more likely to process information in a biased fashion. Such different fashions of information processing consequently affect consumer

response to negative publicity. Since high-commitment consumers are more likely to engage in defensive information processing, they tend to resist attitude change when presented negative information (Feldman & Lynch, 1988).

Related to the context of the present study, let's suppose that one is exposed to negative information about a company. If one identifies highly with the company, the negative information may hurt one's self-defining beliefs because one sees the company as important to one's sense of self. Thus, one would likely be biased in processing the information so as to arrive at a positive conclusion. Doing so protects self-defining beliefs and the meaningful relationship with the company. If, however, one weakly identifies with the company, one would likely be motivated to process the information for accuracy. The negative information, in this case, is not a threat at all to one's sense of identity. Thus, wanting to form a correct judgment, one gives weight to negative information (Ahluwalia, 2002). One's beliefs about and attitude toward the company may, in such manner, be more easily swayed (Einwiller et al., 2006).

Einwiller et al. (2006) examined how consumer-company identification influences perceptions of negative information about a company. They found that strongly identified consumers had, after being exposed to negative publicity about a company, less negative corporate associations, more favorable attitudes, and behavioral intentions than did weakly identified consumers. However, this pattern was found only in the case of moderately negative publicity, yet given extremely negative information, consumer identification with a company failed to work as expected. This is because minor or moderately negative information is not bad enough to sway people from

arriving at a desired conclusion. However, extremely negative information exceeds even strongly identified consumers' forgiving levels of tolerance (Bhattacharya & Sen, 2003). In such cases, these consumers adopt a highly diagnostic and unbiased manner (Herr, Kardes, & Kim, 1991). Therefore, consumer-company identification works only within a zone of tolerance.

Although in the context of corporate crises not a great deal of empirical research has examined the effect of consumer-company identification, identification effects can be found in celebrity endorsement literature. Findings from research on consumer-celebrity identification may shed some light on the role of consumer-company identification in a crisis situation. Consumer-celebrity identification, some studies suggest, affects consumer responses to negative information about a celebrity endorser. Johnson (2005) found that consumers strongly identified with a celebrity were more likely than weakly identified consumers to believe that the celebrity was innocent and to be willing to purchase and recommend the product endorsed by the celebrity. The study also showed that highly identifying with a celebrity led to the feeling of pride about being a fan. Conversely, a low level of identification led to a feeling of guilt and shame about being connected with the celebrity. In a similar vein, Um (2011) empirically examined how identification with a celebrity endorser influenced attitudes toward the brand and purchase intention when the celebrity endorser was involved in unethical behavior. He found that when exposed to negative publicity, people who are strongly identified with the celebrity had less negative brand attitudes and greater purchase intention compared to those less identified with the celebrity. These findings suggest that the degree to which

consumers identify with a celebrity plays a role in shaping their reactions to bad press about a celebrity. If such a finding can be applied to the current context, a similar relationship may be found between the consumer-company identification and negative information about the company.

Consumer-company identification may influence not only the tolerance of negative publicity about a company but also the level of forgiveness shown toward a company. Interpersonal forgiveness serves as a rationalization for this argument. Forgiveness has been defined as a pro-social change toward the offender despite the offender's negative action (McCullough, Pargament, & Thoresen, 2000). To shed light on the process of forgiveness, several studies highlight the nature of the relationship between a victim and an offender (McCullough et al., 1998). Closeness or commitment to an offender has been found to facilitate forgiveness. Finkel et al. (2002) found that the more dependent people are on and satisfied with their relationship with an offender, the more likely they are to forgive him or her. Karrenmans and Aarts (2007) also demonstrated that we are quicker to forgive those close to us.

This tendency to forgive those close to us might be a tendency that can be found between a consumer and a company enduring a crisis. What is closeness between a consumer and a company manifested? Consumer-company identification may be one such manifestation. If so, it is expected that highly identified consumers are more likely to forgive a company for minor mistakes. Identification encourages consumers' trust in a company, facilitating more charitable attributions regarding the company's culpability in wrongdoings (Bhattacharya & Sen, 2003; Hibbard et al., 2001; Kramer, 1991).

### ***Previous Studies on Corporate Associations***

Much of the research on corporate associations appears in the literature of corporate image. Early studies mainly focused on developing measures of such concepts as corporate image, corporate associations, and a person's perception of a firm. It did not focus on finding theoretical links between such concepts and consumer responses.

Although absent from consumer marketing literature, a substantial number of studies have explored the role of corporate associations in the context of relationships between a company and its product.

In particular, researchers have identified several classifications of corporate associations. Two of these –corporate ability (CA) and corporate social responsibility (CSR) –dominate the literature on relationships between corporate associations and consumer responses. CA associations refer to consumer beliefs and feelings that relate to a company's expertise or competence in developing and delivering its product, service and so forth. CSR associations refer to consumer beliefs and feelings that relate to a company's status and activities with respect to its perceived societal obligations (Dacin & Brown, 2002). These two dimensions of corporate associations are consistent with two dimensions of corporate identity conceptualized by David, Kline, and Dai (2005), corporate expertise and corporate social responsibility. According to them, corporate expertise is corporate ability to be the leader in a product or service category by satisfying consumers' needs, wants, and desires. Corporate social responsibility, on the other hand, focuses on corporate commitment to societal well-being by pursuing ethical, moral, and social obligations for mutual benefits between an organization and the public.

CA and CSR associations may differ in how they affect consumer responses. Brown and Dacin (1997) investigated how two types of corporate associations of CA and CSR affect consumer evaluations of a new product. Their results suggested that two types of corporate associations have dual influence on new product evaluations, yet affect them in different ways. The data from the first study, which used fictitious companies, demonstrated that both types of corporate associations positively influence product responses by affecting corporate evaluations. However, CA associations were found to be a stronger predictor of affecting product evaluations by affecting product sophistication. Yet while the indirect effect of CSR associations on product evaluations through product social responsibility was positive, it was not significant. Furthermore, the second study, which used real companies, yielded interesting findings. Two types of corporate associations were positively related to corporate evaluation, yet such evaluations appeared to negatively affect new product evaluations. The converse of this finding implies that consumers are not necessarily destined to give negative evaluations to new products from companies with which they have negative associations. Their final study explained this unexpected negative relationship by what is known as a contrast effect. The contrast effect may occur when a new product is evaluated in light of its corporate context based on CA associations; it is manifested when a company with negative CA associations puts out a new product that garners favorable consumer responses. The contrast effect, however, does not occur in a corporate context having CSR associations. This suggests that a new product put out by a company with negative CSR associations will receive negative product evaluations.

A study by Berens, Riel, and Bruggen (2005) shows that other factors moderate the relationship between corporate associations and new product evaluations differently according to types of corporate associations. The authors investigated first, how the effects of CA associations and CSR associations are moderated by perceived fit between a company and a product, and involvement that people have with a product. Second, they investigated how these moderating effects of fit and involvement are in turn moderated by corporate brand dominance. The results indicated that when the corporate brand is dominantly visible, CA associations have a strong impact, independent of fit and involvement. CSR associations, in contrast, have no influence, independent of fit and involvement. When the corporate brand is less visible, the effect of CA associations is positively moderated by involvement, but the effect of CSR associations is negatively moderated by involvement and positively moderated by fit. This implies that moderating factors on the effects of corporate associations work in different ways according to corporate contexts of CA associations and CSR associations.

Other researchers suggest another classification of corporate associations. For instance, Madrigal (2000) explored the effect of two types of corporate associations – corporate excitement and corporate environmental friendliness on new product evaluations and responses (i.e., product's trendiness and product's environmental friendliness). The study further examined how the effect of corporate associations is moderated by the perceived fit between a company's image (corporate associations) and the new product. According to the study's findings, a good fit between corporate associations and product extension is likely to lead to stronger effects of corporate

associations on product responses. In cases of a poor fit between corporate associations and product extension, consumers are likely to rely on product-related benefits and attributes rather than using corporate associations as the basis of their overall judgments of a new product.

### ***Corporate Associations in a Crisis Context***

Empirical evidence suggests that corporate associations play a central role in the processing of new product-relevant information. In addition, the perceived fit between a company image/corporate associations and a new product has been found to play a significant role in influencing corporate associations. Although little research has been conducted about the effect of corporate associations in a crisis context, some substantial studies provide reasonable findings to support the role of corporate associations when a company faces a crisis. Similar to Madrigal's (2000) study, Romeo (1991) explored the moderating effect of perceived fit between family brand and brand extension in the context of a brand crisis. The study examined how category similarity between the family brand and brand extension moderates the effect of negative information about the brand extension on the evaluations of it and on the family brand's image. The findings suggest that when the similarity between the extension's product category and the family brand is high, negative information is more detrimental to evaluations of brand extension and the family brand image. In short, when introducing a new product that is closely related to the company's or family brand's image, corporate associations/corporate image can serve as useful information in forming judgments about a new product/brand extension (Madrigal 2000). When, however, the product/brand extension is involved in a negative



event, the perceived fit between the product/brand extension the company/family brand image may rather backfire on the company/family brand. This adverse effect from the congruence between corporate associations/image and a new product in the crisis context suggests another research question: How does the perceived fit between corporate associations and crisis type work in consumer responses.

### ***Perceived Fit between Corporate Associations and Crisis Type***

To the best of the author's knowledge, no research has been conducted on the role of perceived fit between corporate associations and crisis type in a corporate crisis context. However, some previous studies seem to validate the impulse to investigate this research question. Dawar and Lei (2009) argue that the relevance of the crisis to the brand's key benefit associations influences the perceived seriousness of a crisis and the effect of the crisis on brand evaluations. According to their findings, the effect of a brand crisis is more adverse on brand evaluations when it is relevant to the brand's key associations. This is especially true for consumers familiar with the brand. This finding implies that a good fit between corporate associations and a crisis type may negatively influence consumer response in a corporate crisis.

This argument is rationalized by the concept of betrayal. While betrayal has been studied in interpersonal communication and organizational behavior, it has recently been introduced to consumer research. In organizational behavior literature, betrayal is defined as "a voluntary violation of mutually known pivotal expectations of the trustor by the trusted party (trustee), which has the potential to threaten the well-being of the trustor," (Elangovan & Shapiro, 1998, p. 548). Betrayal has also been defined as a perceived

violation of a psychological contract by another (Morrison & Robinson, 1997). In the current context, the author defines consumer betrayal as a perceived violation of a consumer's psychological contract with a company.

Researchers know little about the role of betrayal in the domain of corporate crises. The consumer-retailer relationship literature, however, lends some logic to the assumption that consumers may feel betrayed when their expectations of a company are violated by a particular crisis event. The previous studies suggest that consumers feel betrayed when their expectations are not satisfied due to service failures or price policies (Price & Bardhi, 2001). Particularly, the violation of positive expectations and trust relationships or the broken implicit and explicit promises lead to greater feelings of betrayal and precipitate a desire to punish the betrayer (Koehler & Gershoff, 2003). Speaking of betrayal in this context, consumers' positive expectations of a company, which are infused by corporate associations in a normal and non-crisis situation, may be threatened by a particular corporate crisis closely related to the corporate associations that consumers have with the company. Such violated expectations would then turn to feelings of betrayal. That is, if consumers' positive expectations based on particular corporate associations in a routine situation are violated by a crisis event, their feeling of betrayal would be just as great as their positive feelings had been for the company's key associations in a non-crisis situation.

Consistent with this logic, brand personality literature helps us understand the role of the fit between corporate associations and crisis type. For example, Aaker, Fournier, and Brasel (2004) found that after a transgression occurred, the company-customer

relationship was weakened for only a sincere brand. For an exciting brand, the transgression did not affect the relationships. This suggests that the effect of a transgression/crisis differs depending upon brand personality. Consumers tend to establish more robust relationships with a sincere brand over time, like a close partnership, compared to an exciting brand. Once this relationship is broken, however, by a transgression, consumers are more likely to turn against the sincere brand. Their sense of betrayal is as great as was their former trust in the brand. From this, it might be assumed that in a routine situation corporate associations facilitate consumer trust in a certain part of corporate identity (CA or CSR). At the same time, when a crisis related to the corporate key associations occurs, the company-crisis congruence also aggravates consumers' feelings of betrayal.

Drawn from the above review of literature in the related areas, the next chapter develops and proposes hypotheses that examine the moderating roles of consumer-company identification and perceived fit between corporate associations and crisis type in determining consumer responses to corporation's crisis communication strategies.

### **CHAPTER III: HYPOTHESES**

The study proposes two sets of relationships. First, there is the relationship between crisis communication strategies and consumer responses toward the response strategies. Second, the study proposes that the relationship is moderated by a degree of consumer-company identification and by a degree of perceived fit between corporate associations and crisis type.

Previous studies have found that consumer-company identification enhances consumers' resilience to negative information about a company. That is, consumers who strongly identify themselves with a company are likely to view negative information about the company with a less critical eye than those who weakly identify themselves with the company. In addition, other relevant literature suggests that corporate associations-crisis type congruence may influence consumer evaluations of a company/brand involved in a crisis. Not a few previous studies have identified potential factors influencing the effectiveness of crisis response strategies. However, the moderating roles of consumer-company identification and corporate associations-crisis type congruence have, up to now, rarely been examined in the crisis communication research domain.

#### **Consumer-Company Identification and Crisis Communication Strategy**

Despite the lack of empirical evidence, literature on motivated reasoning theory, forgiveness theory, and consumer-celebrity identification studies provide theoretical foundations to explore the relationship between the degree of identification between a

consumer and a company, and consumer responses to the key types of crisis communicative strategies (i.e., excuse, compensation, apology).

The wisdom is that a crisis communication strategy that is more accommodative will be more effective. For instance, an apology has been found to be more effective than denials, excuses, or justifications (Bradford & Garrett, 1995; Dean, 2004; Lyon & Cameron, 2004). However, in some circumstances, a full accommodative strategy (e.g., apology) may in fact backfire on a company. A company that accepts full responsibility and asks for forgiveness (Benoit & Drew, 1997; Fuchs-Burnett, 2002) brings on itself the greatest financial burden and leaves the impression that the company is totally responsible for the crisis event (Coombs & Holladay, 2008). Therefore, from a company's perspective, even if the apology strategy is believed to be the most effective, it should be exercised with caution. Scholars in crisis management point out that a crisis communication strategy should be appropriately selected based on the crisis situation. For instance, when a company is embroiled in rumor mongering and has evidence to refute such rumors, denial is the effective response strategy. Or when a company is involved in an accident crisis, excuse may be used as an effective crisis communication strategy. In such instances, is the selected crisis communication strategy perceived as effective to all consumers? If every consumer has a different level of identification with the company, how does such consumer-company identification influence the effectiveness of the selected crisis communication strategy?

As suggested in previous studies (Bhattacharya & Sen, 2003; Einwiller et al., 2006), consumers who are highly identified with a company are likely to protect their

existing beliefs about and attitudes toward the company when exposed to negative information about the company. Therefore, their information processing of the corporate crisis is biased so as to arrive at a particular desired conclusion. This is because since highly identified consumers perceive the company as a part of their selves and use the company as one of the tools to express their self-defining beliefs and needs, the crisis may even psychologically disturb their self-identity. On the other hand, consumers less identified with the company would attempt to process the negative information about the company in a more diagnostic and unbiased manner so as to reach an accurate conclusion. Hence, they would give more weight to negative information (Ahluwalia, 2002). Their beliefs about and attitudes toward the company consequently may be more easily swayed (Einwiller et al., 2006).

Suppose both consumer groups are exposed to the same crisis information; their attributions of corporate responsibility for the crisis may differ depending on their motivation of information processing. It is assumed here that highly identified consumers are less likely to attribute the responsibility of a crisis to the company, whereas less identified consumers are more likely to attribute the responsibility of the crisis to the company. Furthermore, a strong link exists between closeness and forgiveness in interpersonal communication literature (Finkel et al., 2002; Karrenmans & Aarts, 2007). This link lends a logic to the argument that highly identified consumers with a company may be more likely to forgive the company. Identification increases consumers' interactions with the company, which leads them to trust it and make more charitable attributions regarding its intentions about the crisis event.

Such different perceptions of corporate responsibility for the crisis based on identification with the company would be related to the effectiveness of crisis communication strategies. Highly identified consumers may rather expect that the company denies intent to do harm and/or claims their inability to control the crisis event. That is, for consumers who are not identified with the company, an excuse may be perceived as an irresponsible crisis response strategy. For highly identified consumers, it may be welcomed and more effective. In many corporate crises that are perceived as minor or moderate, consumers' perceptual and attitudinal responses to the companies' post-crisis communication strategies may be dependent upon their level of consumer-company identification because strongly identifiers may have biased pattern of information processing. That is, highly identified consumers seem to overlook or downplay any negative information about the company (Bhattacharya & Sen, 2003).

As discussed previously, comparisons among the response strategies in the same crisis result in the argument that an apology is more effective than less accommodative strategies such as denial, excuse, or justification (Bradford & Garrett, 1995; Dean, 2004; Lyon & Cameron, 2004). This finding seems to always be true because apology outperforms other response strategies such as denial or excuse which is not a victim-centered/accommodative strategy. With such unfair comparisons, an apology may easily beat out other less accommodative response strategies. Thus, such a common sense finding may not provide crisis managers realistic recommendations.

In this respect, Coombs and Holladay (2008) suggest the importance of unbiased comparisons to establish a more realistic assessment of the effectiveness of crisis

communication strategies. When comparing apology with more equivalent crisis communication strategies such as compensation (the second accommodative strategy on the defensive-accommodative continuum), they found that two response strategies have similar effects on post-crisis reputation, anger, negative word-of-mouth intentions and account acceptance. However, considering the so-true evidence that the more accommodative the more effective, a comparison of apology, the so-called best strategy, with compensation should be examined in other study contexts. By incorporating the concept of consumer-company identification into this comparison, the present study attempts to discover the effects of apology and compensation. As earlier noted, consumers who are strongly identified with a company are less likely to attribute crisis responsibility to the company and are more likely to forgive the company. Compensation, a less accommodative, yet more equivalent crisis response would, therefore, for higher identified consumers, be perceived as effective as apology, consistent with Coombs and Holladay (2008)'s findings. However, such expectation may not exist for less identified consumers. Based on the review of relevant literature and logical speculations, the following hypotheses are, therefore, postulated:

**H1:** *Excuse* will be more effective for participants with high consumer-company identification than for those with low consumer-company identification. More specifically, *excuse* will generate (a) a lower level of feelings of betrayal, (b) a higher level of post-crisis corporate reputation evaluations, (c) a higher level of corporate credibility evaluations, (d) more favorable attitudes toward the company, (e) a lower level of negative word-of-mouth intention, and (f) a higher level of purchase intention in the group of participants with high consumer-company identification than in the group with low consumer-company identification.



**H2:** *Compensation* will be just as effective as *apology* for participants with high consumer-company identification. More specifically, *compensation* and *apology* will generate (a) similar levels of feelings of betrayal, (b) similar levels of post-crisis corporate reputation evaluations, (c) similar levels of corporate credibility evaluations, (d) similar levels of favorable attitudes toward the company, (e) similar levels of negative word-of-mouth intention, and (f) similar levels of purchase intention in the group of participants with high consumer-company identification. For participants with low consumer-company identification, however, *apology* will be more effective than *compensation*. More specifically, *apology* will generate (a) a lower level of feelings of betrayal, (b) a higher level of post-crisis corporate reputation evaluations, (c) a higher level of corporate credibility evaluations, (d) more favorable attitudes toward the company, (e) a lower level of negative word-of-mouth intention, and (f) a higher level of purchase intention than *compensation* in the group of participants with low consumer-company identification.

### **Perceived Fit between Corporate Associations and Crisis Type, and Crisis Communication Strategy**

Despite the lack of empirical evidence to support the role of perceived fit between corporate associations and crisis type on consumer responses toward crisis communication strategies, the concept of betrayal derived from interpersonal communication and organizational behavior literature is used as a rationalization for a link between these two constructs. According to consumer-retailer relationship literature, consumers feel betrayed when their expectations are not satisfied due to service failures, or price policies (Price, Linda, & Bardhi, 2001). In particular, the violation of positive expectations and trust relationships or the broken implicit and explicit promises lead to greater feelings of betrayal calling for more punishment and generating more negative attitudes toward the betrayer (Koehler & Gershoff, 2003). When this logic is applied to the current research context, it might be assumed that consumers feel betrayed when their

expectations of a company are violated by a particular event/crisis. Consumers' positive expectations of a company are infused by particular corporate associations in normal and non-crisis situations. These feelings may be threatened by a particular corporate crisis closely related to the corporate associations that consumers hold with the company. Such violated expectations would then turn to feelings of betrayal toward the company. In fact, their feeling of betrayal would be as great as their positive feelings had been toward the company's key associations in a non-crisis situation. This implies that when a crisis is relevant to the company's key associations, the effect of the crisis will be more adverse than when the crisis is not related to the key associations. Dawar and Lei (2009) suggest findings that support this argument. According to their findings, the relevance of a crisis to a brand's key benefit associations influences the perceived seriousness of the crisis and the effect of the crisis on brand evaluations. Specifically, it is suggested that the effect of a brand crisis is more adverse on brand evaluations when a brand crisis is relevant to the brand's key associations especially for consumers who are familiar with the brand.

Applying the adverse effect of the good fit between brand key associations and a crisis type on brand evaluations to the current context, the relevance of crisis to company's key associations may influence the effectiveness of different types of crisis communication strategies. Corporate associations facilitate consumer trust in a particular corporate identity (e.g., CA, CSR) in a routine situation. At the same time, when a crisis is related to the corporate key associations occurs, the company-crisis congruence also aggravates consumers' feelings of betrayal in the crisis. For instance, consumers would feel more betrayed when a company with CSR associations faces a charge of unethical

behavior than when a company with CA associations is involved in the same negative event. The stronger feelings of betrayal would attribute more crisis responsibility to, call for more punishment, and generate more negative attitude toward the company.

Therefore, it is expected that more accommodative crisis communication strategies are required when a corporate crisis violates corporate key associations. Based on the review of relevant literature and logical speculations, the following hypotheses are formulated:

**H3:** When company associations (ability) are congruent with a crisis type (a product failure), *apology* will be more effective compared to when the company associations are incongruent with crisis type (an ethical violation). More specifically, participants who are exposed to the condition of product failure will generate (a) a lower level of feelings of betrayal, (b) a higher level of post-crisis corporate reputation evaluations, (c) a higher level of corporate credibility evaluations, (d) more favorable attitudes toward the company, (e) a lower level of negative word-of-mouth intention, and (f) a higher level of purchase intention than those who are exposed to the condition of ethical violation.

**H4:** When company associations (ability) are incongruent with a crisis type (an ethical violation), *excuse* will be more effective than when the company associations are congruent with the crisis type (a product failure). More specifically, participants who are exposed to the condition of ethical violation will generate (a) a lower level of feelings of betrayal, (b) a higher level of post-crisis corporate reputation evaluations, (c) a higher level of corporate credibility evaluations, (d) more favorable attitudes toward the company, (e) a lower level of negative word-of-mouth intention and (f) a higher level of purchase intention than those who are exposed to the condition of product failure.

The next chapters will describe two experimental studies in order to examine the proposed hypotheses.

## **CHAPTER IV: STUDY 1**

Study 1 examines the moderating role of consumer-company identification on the effect of crisis communication strategy (Hypotheses 1 and 2). This chapter gives an overview of Study 1's design, its major constructs and measurements, the data collection procedure, the sampling, results; it also includes a brief discussion.

### **METHOD**

#### **Experimental Design**

To test Hypotheses 1 and 2, the study employs a 3 x 2 between-subject factorial design. The two factors are the type of crisis communication strategy (excuse vs. compensation vs. apology) and the level of identification with a company (low vs. high). The crisis communication strategy, as a manipulated variable, is devised to represent the excuse, compensation, or apology strategy. The level of identification with a company, as a manipulated variable, is devised to represent groups of low and high identification with a company. To manipulate the level of identification with a company, subjects were first asked to indicate, from a list of computer manufacturers, the company to which they had the most/least sense of connection. They were then given a news article relating a negative incident involving the company. Following that, participants were asked to fill out a questionnaire.

#### **Pretests**

##### *Choice of Product Category and Companies*

One of the most critical considerations was whether to use a fictitious or a real company. Using a fictitious company could help minimize prior perceptions of or

attitudes toward real companies. Using a real company could lend the experiment a greater sense of realism. Ultimately, for a study investigating effects of identification, it seemed more appropriate to use a real company. Consumer-company identification is based on a deep, committed, and meaningful relationship. Using a bogus company would likely fail to reflect any true consumer-company identification.

Another important consideration was whether, in creating two groups of low and high identification, to use consumer-company identification as either a measured or a manipulated variable. As a measured variable, it could cause a small difference between the two conditions of low and high identification. It could therefore require a larger sample when trisecting the subjects to compare the highest group of identification with the lowest group of identification while excluding the middle group. With these concerns, consumer-company identification was manipulated into two groups of identification (low versus high) rather than measuring it within subjects.

To manipulate consumer-company identification, a product category had to be selected that would be highly relevant to the subjects (college students). A list of seven product categories was generated by 20 U.S. college students (13 males and 7 females). Participants were asked to list products or product categories that were most important and relevant to them. The list comprised: digital cameras, computers, cars, cell phones, running shoes, televisions, soft drinks (see Table 1).

Table 1: Most Relevant Product Categories by College Students

Product Categories	N = 100 (20 subjects x 5 products)
Digital Cameras	3
Computers	19
Cars	5
Cell Phones	9
Running Shoes	3
Televisions	6
Soft Drinks	3

The results showed that computers were generally perceived as the most important and relevant product category. To confirm it, another pretest was conducted. A total of 26 college students were asked to answer questions about their involvement in and knowledge of each of the seven product categories. According to the descriptive analysis, as shown in Table 2, computers appeared to retain the highest product involvement ( $M = 6.82$ ,  $SD = .590$ ) though only the second highest product knowledge ( $M = 5.73$ ,  $SD = .962$ ). On the other hand, cell phones retained the highest product knowledge ( $M = 5.99$ ,  $SD = 1.085$ ) though only the second highest product involvement ( $M = 6.69$ ,  $SD = .476$ ). As a result, the product category for the study was chosen to be computers.

Table 2: Product Evaluation

Categories	Dimensions	Mean	<i>SD</i>
Digital Cameras	Involvement	5.84	1.282
	Knowledge	4.86	1.306
Computers	Involvement	6.82	.590
	Knowledge	5.73	.962
Cars	Involvement	6.63	.829
	Knowledge	4.99	1.220
Cell Phones	Involvement	6.69	.476
	Knowledge	5.99	1.085
Running Shoes	Involvement	4.97	1.730
	Knowledge	4.12	1.832
Televisions	Involvement	5.51	1.448
	Knowledge	5.13	1.225
Soft Drinks	Involvement	3.04	1.980
	Knowledge	4.87	1.754

As the group from which one company would be selected as being involved in an environmental incident, the following four major U.S. computer manufactures were selected: Dell, Hewlett-Packard (HP), Apple, and Gateway. To avoid any country-origin effect, the study excluded international computer manufacturers (e.g., Sony, Samsung, Toshiba, etc.).

#### *Confirmation of Type of Crisis Communication Strategy*

There were created, for the manipulation of the second factor—crisis communication strategy—three versions of a newspaper article; they corresponded to the three strategies of interest (excuse, compensation, and apology). The manipulated newspaper articles were shown to 46 undergraduate students at a major state university in the Southwest. This was to confirm whether the three versions had been appropriately

manipulated. Participants were asked to rate their perceptions of the company's crisis communication strategies. The perceptions of crisis communication strategies were assessed with three questions, modified from Coombs and Holladay's (2008) manipulation-check items for crisis response strategies. They were: 1) "The company (i.e., Dell, HP, Apple, or Gateway) minimized their responsibility by claiming they were unable to control the incident," 2) "The company (i.e., Dell, HP, Apple, or Gateway) offered money or other ways of compensation to the victims," and 3) "The company (i.e., Dell, HP, Apple, or Gateway) took full responsibility for the incident and asked for forgiveness." A series of independent sample t-tests were conducted to compare subject's perceptions of each crisis communication strategy (i.e., excuse, compensation, apology), as shown in Tables 3, 4, and 5. Subjects exposed to the excuse strategy evaluated it significantly differently ( $p < 0.01$ ) than they did the compensation strategy ( $p < 0.001$ ). They did not, however, evaluate the apology strategy significantly differently ( $p > .05$ ). Similarly, when comparing the excuse and apology strategies, evaluations of the excuse strategy ( $p < .01$ ) differed significantly from those of the apology ( $p < .001$ ) strategy, while those of the compensation strategy did not ( $p > .05$ ). The last t-test with two conditions – compensation and apology strategies – indicated that the evaluations of the compensation ( $p < .01$ ) and apology ( $p < .001$ ) strategies were significantly different between the two conditions, yet evaluations of the excuse strategy was not ( $p > .05$ ). These results indicate that the three crisis communication strategies were successfully manipulated.



Table 3: Evaluation of Crisis Communication Strategies by Excuse and Compensation Conditions

Evaluation	Excuse Condition (n = 16)	Compensation Condition (n = 17)	<i>t</i>	P-Value
Excuse	5.00	3.06	3.63	.001
Compensation	3.12	6.12	-5.65	.000
Apology	3.59	4.29	-1.12	ns

Table 4: Evaluation of Crisis Communication Strategies by Excuse and Apology Conditions

Evaluation	Excuse Condition (n = 16)	Apology Condition (n = 17)	<i>t</i>	P-Value
Excuse	5.00	2.92	3.00	.006
Compensation	3.12	4.31	-1.83	ns
Apology	3.59	6.38	-5.35	.000

Table 5: Evaluation of Crisis Communication Strategies by Compensation and Apology Conditions

Evaluation	Compensation Condition (n = 16)	Apology Condition (n = 17)	<i>t</i>	P-Value
Excuse	3.06	2.92	.21	ns
Compensation	6.12	4.31	3.81	.001
Apology	4.29	6.38	-4.25	.000

In addition, the believability of the news articles was also measured with a three-item semantic differential scale anchored by: “not at all believable—completely believable,” “not at all plausible—completely plausible,” and “doesn’t make sense at all—completely makes sense.” Descriptive analysis indicated the subjects found the newspaper articles to be somewhat believable ( $M = 4.87$ ,  $SD = 1.614$ ).

## Study Subjects

A total of 236 subjects from a major state university in the Southwest were recruited to participate in the experiment. The experiment was conducted through the Internet. Students were given the opportunity to participate in the experiment as a way of receiving either course or extra credit.

### **Stimulus Development**

For the first study, three versions of a newspaper article were developed. They described negative corporate information about a crisis event and the corporate response strategy to the crisis event. The report of an environmental crisis event was fabricated to eliminate any potential prior familiarity with or attitude toward an existing crisis event. A river getting polluted was selected as the corporate incident; specifically, the company was said to be involved in a phenol spill into the Sierra Mac River. Three strategies were selected to manipulate the types of crisis communication strategies. To compare a diminish strategy with a rebuild strategy and further compare equivalent crisis communication strategies, excuse was selected from the diminish cluster and compensation and apology from the rebuild cluster. Using the crisis communication strategies, three types of corporate response information (excuse vs. compensation vs. apology) were developed. The three versions of the news article therefore were identical aside from the type of corporate response information. Finally, to manipulate the level of consumer-company identification, four major U.S. computer corporate brands (i.e., Dell, HP, Apple, and Gateway) were inserted as the offending company. The company that was so inserted depended on the who the subject had designated as being the lowest or highest identified. In turn, the experiment was designed so as to match the highest/lowest

identified company with subjects' actual preferences. Hence, subjects were given negative information about the company with which they were highest/lowest identified. This was to increase the external validity of the study.

### **Dependent Measures**

How effective the crisis communication strategy was to the crisis event were assessed using the following six variables: feelings of betrayal, post-crisis corporate reputation, perceived corporate credibility, attitudes toward the company, negative word-of-mouth intention, and purchase intention.

#### *Feelings of Betrayal*

To better understand certain consumer responses toward a corporate crisis, it is useful to be familiar with the concept of "feelings of betrayal," a concept drawn from organizational behavior and the literature on retailing. Along with "perceptions," "feelings" precede attitudes or behavior. Feelings are even followed by perceptions. However, consumer research in corporate crisis contexts has rather neglected consumer's emotions/feelings compared to the research on perceptions, attitudes, and behavior. Feeling betrayed may be a starting point of consumer responses to a crisis, and affect other subsequent responses. Thus, the study included feelings of betrayal as one of the assessments for the effect of crisis communication strategies. Feelings of betrayal were measured with a three-item, Likert-type scale as follows: "After becoming aware of the incident described in the news article above, I felt cheated by the company," "After becoming aware of the incident described in the news article above, I felt betrayed by the

company,” “After becoming aware of the incident described in the news article above, I felt lied to by the company,” (Gregoire & Fisher, 2008).

### *Post-Crisis Corporate Reputation*

Most crisis communication research argues that a crisis threatens the reputation of a company. One of the primary reasons that a company promptly and appropriately responds to a crisis is, therefore, to restore their positive reputation. In the crisis communication literature, post-crisis corporate reputation has been used as one of the dependent variables measuring the effect of crisis response strategies (Coombs & Holladay, 2008; Claeys, Cauberghe, & Vyncke, 2010)

Post-crisis corporate reputation was assessed based on a five-item version of Coombs and Holladay’s (2002) Organizational Reputation Scale. The five-item version of the Organizational Reputation Scale consists of the following: “The company is concerned with the well-being of its consumers.” “The company is basically dishonest.” “I do not trust the company to tell the truth about the incident.” “Under most circumstances, I would be likely to believe what the company says.” “The company is not concerned with the well-being of its consumers.” Previous studies employing the Organizational Reputation Scale produced a reliability coefficient (Cronbach’s alpha) higher than .80 (Coombs & Holladay, 2002, 2008, 2009).

### *Perceived Corporate Credibility*

Consumers’ perceptions of a company in a corporate crisis were measured with, in addition to post-crisis corporate reputation, corporate credibility. The concept of corporate credibility may be perceived by some as being quite similar to post-crisis

corporate reputation. Yet it also seems like a subdirectory concept of corporate reputation. Furthermore, corporate credibility has frequently been studied while coupled with attitudes toward the company in a corporate crisis context (Pashupati, Arpan, & Nikolaev, 2002; Kline, Simunich, & Weber, 2009). Consequently, this study includes perceived corporate credibility as a useful concept to assess the effectiveness of corporate crisis communication strategies. To measure perceived corporate credibility, the study used a six-item semantic differential scale, anchored by the adjectives “unbelievable-believable,” “not credible-credible,” “not trustworthy-trustworthy,” “not dependable-dependable,” “unreliable-reliable,” and “unreputable-reputable” (Lafferty & Goldsmith, 1999; MacKenzie & Lutz, 1989)

#### *Attitudes toward the Company*

A crisis carries with it negative effects for not only consumers’ perceptions of a company but also their attitudes toward it (Klein & Dawar, 2004). Marketing literature on a brand crisis suggests that crisis response strategies influence consumers’ attitudes toward the brand (Dutta & Pullig, 2011). The present study, therefore, includes as one of the variables attitudes toward the company, so as to assess the effect of crisis communication strategies. Attitudes toward the company were assessed on a five-item, semantic differential scale anchored by the adjectives “bad-good,” “unfavorable-favorable,” “unpleasant-pleasant” “dislike-like,” and “negative-positive” (MacKenzie & Lutz, 1989; Till & Busler, 2000).

#### *Negative Word-of-Mouth Intention*

A crisis may, in addition to everything noted above, generate a negative impact on behavior. Eagly and Chaiken (1993) suggested that intentions refer to a person's motivation, his or her conscious plan to exert effort to carry out a behavior. In this regard, intentions are easily differentiated from attitudes. A crisis can anger consumers and generate negative word-of-mouth (Coombs & Holladay, 2008, 2009). To manage a crisis, it is critical that those in charge minimize the harm inflicted by negative word-of-mouth. The present study, based on previous research, assesses negative word-of-mouth intention as one of the dependent variables. Negative word-of-mouth intention was measured using a three-item, seven-point, Likert-type scale: "I would encourage friends or relatives not to buy products from the company;" "I would say negative things about the company and its products to other people;" and "I would recommend the company's products to someone who asked my advice" (Coombs & Holladay, 2008).

#### *Purchase Intention*

Another important concept to measure consumer's behavior is purchase intention. Bagozzi et al. (1979) defined purchase intention as personal action tendencies related to a brand. Purchase intention is more specifically defined as an individual's conscious plan to make an effort to purchase a brand (Spears & Singh, 2004). To assess purchase intention, the study asked subjects: How likely is it that you consider purchasing a product by the company? The study used a three-item scale, "unlikely-likely," "definitely would not-definitely would," and "probable-improbable" (Till & Busler, 2000).

#### **Manipulation-Check Measures**

Finally, the questionnaire includes manipulation-check items to examine the level of consumer-company identification, and whether or not the crisis communication strategies were successfully manipulated. First, the strength of each participant's identification with a given company was measured with eight items on a Likert-type scale borrowed from Einwiller et al. (2006). The items are as follows: "I am somewhat associated with the company;" "I have a sense of connection with the company;" "I consider myself as belonging to the group of people who are in favor of the company;" "Customers of the company are probably similar to me;" "Employees of the company are probably similar to me;" "The company shares my values;" "Being a customer of the company is part of my sense of who I am;" and "Purchasing company's product would help me express my identity."

Next, to assess the effectiveness of how the crisis communication strategies were manipulated, the same scales used in the third pretest were used. Ancillary information (e.g., subject demographics) was also obtained to provide a means for checking potential biases in the responses.

### **Main Study Procedure**

Experiments were conducted to test the hypotheses. A 3 (type of a crisis communication strategy: excuse vs. compensation vs. apology) x 2 (consumer-company identification: low vs. high) between-subject factorial design was employed. Subjects were randomly assigned to view negative corporate information about a crisis event and their response to the crisis. Participating in the online experiment were a total of 236 subjects from a major state university in the Southwest. The website greeted participants

with an informed consent notice. Subjects were then asked to click the “proceed” button if they agreed to participate in the study. Before being exposed to a newspaper article which described negative company information and a corporate response to the crisis event, subjects were first categorized into high and low identification groups for the manipulation of consumer-company identification. For the high (low) identification group, subjects were asked to indicate a company, from Dell, HP, Apple, and Gateway, that they felt most (least) connected to. Participants were then given a news article relating a negative incident involving the company—whichever one they chose. Following that, participants filled out a questionnaire. Subjects were asked about their feelings of betrayal, perceptions of post-crisis corporate reputation and corporate credibility, their attitudes toward the company, their negative word-of-mouth as well as purchase intentions. Afterwards, subjects were presented questions meant to gauge the crisis communication strategy and their identification with the company. Finally, subjects answered demographic questions such as age, gender, years in college, and so forth. Before subjects left the online experimental site, they were shown a statement telling that the newspaper articles had been entirely fabricated.

## **RESULT**

Study 1 delves into consumers’ responses to crisis communication strategies. The study primarily examines 1) how consumer-company identification affects the effectiveness of an excuse strategy, 2) the moderating role of consumer-company identification in the effectiveness of different crisis communication strategies (compensation and apology strategies). Thus, Hypotheses 1 and 2 were proposed based



on these study objectives. The hypotheses were tested based on a series of 3 (type of a crisis communication strategy: excuse vs. compensation vs. apology) x 2 (consumer-company identification: low vs. high) between-subject ANOVAs. The effectiveness of crisis communication strategies was measured through six dependent variables. The six were: feelings of betrayal, post-crisis corporate reputation, perceived corporate credibility, attitudes toward the company, negative word-of-mouth intention, and purchase intention. Procedures and analyses are, in the following sections, presented in detail.

### **Sample Profile**

A total of 236 subjects participated in the experiment. The subjects' average age was 20.3 with more female subjects (62.8%,  $n = 147$ ) participating than male (37.2%,  $n = 87$ ). Over half (54.5%,  $n = 128$ ) were Caucasian/White, 6.8% ( $n = 16$ ) African American/Black, 22.1% ( $n = 52$ ) Hispanic/Latino, 12.3% ( $n = 29$ ) 10% Asian/Asian American, 0.9% ( $n = 2$ ) Pacific Islander, and 3.4% ( $n = 8$ ) other. The majority of subjects were juniors (31.4%,  $n = 74$ ), followed by sophomores (27.1%,  $n = 64$ ), freshmen (22%,  $n = 52$ ), seniors (19.1%,  $n = 45$ ), and graduate students (0.4%,  $n = 1$ ). Over 98% of the subjects ( $n = 232$ ) reported owning a computer and over 50% ( $n = 123$ ) reported having a computer manufactured by the company described in the given newspaper article.

### **Manipulation Checks**

Created for the experiment were three versions of a newspaper article describing a computer manufacturer's involvement in a corporate incident – river pollution – and its response to the incident (excuse vs. compensation vs. apology). Manipulation checks

were conducted to ensure that subjects perceived crisis communication strategies as intended, and consumer-company identification was appropriately manipulated.

First, to confirm the manipulation of crisis communication strategies (excuse vs. compensation vs. apology), a series of independent samples t-tests were conducted to compare subjects' perceptions of each crisis communication strategy (i.e., excuse, compensation, apology). As shown in Tables 6, 7, and 8, when comparing the excuse and compensation strategies, the evaluations of the excuse ( $p < 0.01$ ) and compensation strategies ( $p < 0.001$ ) were significantly different between the two conditions. The evaluation of the apology strategy, however, was not significantly different ( $p > .05$ ). Similarly, when comparing the excuse and apology strategies, evaluations of the excuse strategy ( $p < .01$ ) differed significantly from those of the apology ( $p < .001$ ) strategy, while those of the compensation strategy did not ( $p > .05$ ). The last t-test with two conditions – compensation and apology strategies – indicated that the evaluations of compensation ( $p < .001$ ) and apology ( $p < .001$ ) strategies were significantly different from one another, while that of the excuse strategy was not ( $p > .05$ ). These results indicate that three crisis communication strategies were successfully manipulated.

Table 6: Evaluation of Crisis Communication Strategies by Excuse and Compensation Conditions

Evaluation	Excuse Condition (n = 82)	Compensation Condition (n = 71)	<i>t</i>	P-Value
Excuse	4.73	3.99	3.53	.001
Compensation	3.68	5.21	-7.14	.000
Apology	3.49	3.83	-1.55	ns

Table 7: Evaluation of Crisis Communication Strategies by Excuse and Apology Conditions

Evaluation	Excuse Condition (n = 82)	Apology Condition (n = 83)	<i>t</i>	P-Value
Excuse	4.73	3.59	5.49	.000
Compensation	3.68	3.72	-.174	ns
Apology	3.49	5.55	-9.90	.000

Table 8: Evaluation of Crisis Communication Strategies by Compensation and Apology Conditions

Evaluation	Compensation Condition (n = 71)	Apology Condition (n = 83)	<i>t</i>	P-Value
Excuse	3.99	3.59	1.615	ns
Compensation	5.21	3.72	6.10	.000
Apology	3.83	5.55	-8.48	.000

In addition, to check for a random assigning to the manipulated conditions, the study verified, with independent sample t-tests, gender, ethnicity, and corporate brand ownership. The results indicated that gender ( $p > .05$ ), ethnicity ( $p > .05$ ), and corporate brand ownership ( $p > .05$ ) were not significantly different among the excuse, compensation, and apology strategy conditions. This suggests that subjects were randomly assigned to each of the three conditions (excuse, compensation, apology).

Another independent samples t-test confirmed that the independent variable of consumer-company identification was appropriately manipulated as intended. The level of identification with the company appeared significantly different between low ( $M = 2.83$ ,  $SD = 1.720$ ) and high consumer company identification groups ( $M = 4.95$ ,  $SD = 1.116$ );  $t(207.098) = -11.289$ ,  $p < .001$ . The t-tests with gender ( $p > .05$ ) and ethnicity ( $p$

> .05) confirmed a random assigning of the subjects to the low or high identification conditions. Since corporate brand ownership is closely related to consumer-company identification, it was, as expected, significantly different across the manipulated conditions (low vs. high identification). In addition, the news articles were found somewhat believable ( $M = 4.73$ ,  $SD = 1.09$ ).

### **Reliability Tests**

The main study employed several multiple-item scales. The reliability of each scale, therefore, was measured within the excuse strategy condition before testing Hypothesis 1. Reliability tests demonstrated that all measured variables were above Cronbach's alpha coefficient .07 except negative word-of-mouth ( $\alpha = .69$ ): consumer-company identification ( $\alpha = .94$ ), the believability of newspaper article ( $\alpha = .89$ ), feelings of betrayal ( $\alpha = .95$ ), post-crisis corporate reputation ( $\alpha = .82$ ), perceived corporate credibility ( $\alpha = .96$ ), attitudes toward the company ( $\alpha = .98$ ), and purchase intention ( $\alpha = .98$ ). Regarding the reliability of the measured variables, the Cronbach's alpha coefficient was between .69 and .98.

### **Hypotheses Tests**

To test proposed hypotheses H1 and H2, a series of two-way ANOVAs were conducted on each of the dependent variables: feelings of betrayal, post-crisis corporate reputation, perceived corporate credibility, attitudes toward the company, negative word-of-mouth intention, and purchase intention. Results of hypotheses testing are presented in the order of the hypotheses. Table 9 provides descriptive statistics of each cell.

Table 9: Experimental Design Descriptive Statistics

Excuse Strategy (n = 82 )	Low Consumer-Company Identification (n = 40)
	High Consumer-Company Identification (n = 42)
Compensation Strategy (n = 71 )	Low Consumer-Company Identification (n = 40)
	High Consumer-Company Identification (n = 31)
Apology Strategy (n = 83)	Low Consumer-Company Identification (n = 41)
	High Consumer-Company Identification (n = 42)

### ***Testing Hypothesis 1***

Hypothesis 1 predicted, within the excuse strategy condition, the main effect of the level of identification with a company on feelings of betrayal. That is, it is proposed that an excuse strategy leads to a lower level of feelings of betrayal, a higher level of post-crisis corporate reputation and corporate credibility, more favorable attitudes toward the company, less intention for negative word-of-mouth, and more purchase intention among subjects with high identification with the company than those with low identification.

To test H1a, H1b, H1c, H1d, H1e, and H1f, a series of two-way ANOVAs were run with the data on each of the dependent variables. Table 10 provides descriptive statistics and the 3 x 2 ANOVAs results. The results of ANOVAs found significant main effects of consumer-company identification on all of the dependent variables aside from feelings of betrayal. First, unexpectedly, the result of ANOVA on feelings of betrayal indicated that there was no significant main effect of consumer-company identification ( $p > .05$ ). To confirm the non-significant effect of consumer-company identification within the excuse strategy, a one-way ANOVA on feelings of betrayal only with the data in the

excuse strategy condition was conducted. The results showed that feelings of betrayal were not significantly different between the low and high identifications in the excuse condition ( $p > .05$ ), thus disconfirming H1a.

Next, a two-way ANOVA on post-crisis corporate reputation showed that consumers who were more highly identified with the company generated a higher level of post-crisis corporate reputation,  $F(1, 230) = 6.46$ , ( $p < .05$ ). H1b was supported by a further one-way ANOVA on post-crisis corporate reputation within the excuse condition that confirmed that the excuse strategy led to a higher perception of post-crisis corporate reputation among consumers with high identification ( $M = 4.78$ ,  $SD = 1.04$ ) than among those with low identification ( $M = 4.18$ ,  $SD = 1.08$ ),  $F(1, 80) = 6.45$ , ( $p < .05$ ).

The results of ANOVA on perceived corporate credibility also demonstrated a significant main effect of level of consumer-company identification in consumer responses toward crisis communication strategies,  $F(1, 230) = 45.43$ , ( $p < .001$ ). H1c was supported by a further analysis of the one-way ANOVA on perceived corporate credibility within the excuse strategy; subjects in the high identification group ( $M = 5.21$ ,  $SD = 1.08$ ) were more likely to perceive the company as credible than those in the low identification group ( $M = 4.31$ ,  $SD = 1.30$ );  $F(1, 80) = 11.52$ , ( $p < .01$ ). Another ANOVA was tested on attitudes toward the company. A significant main effect of consumer-company identification was found,  $F(1, 230) = 56.17$ , ( $p < .001$ ). Furthermore, based on the one-way ANOVA on attitudes toward the company with the data in the excuse strategy, when the company used the excuse strategy in responding to the crisis, subjects highly identified with the company ( $M = 5.32$ ,  $SD = 1.25$ ) were more likely to have

favorable attitudes toward the company than those with low identification ( $M = 4.09$ ,  $SD = 1.54$ );  $F(1, 80) = 15.77$ , ( $p < .001$ ), providing support for H1d.

Subsequently, a two-way ANOVA on negative word-of-mouth intention also demonstrated that the negative word-of-mouth intention differed significantly in the high identification group from the low identification group,  $F(1, 230) = 33.03$ , ( $p < .001$ ). The one-way ANOVA conducted within the excuse strategy also confirmed that subjects who were more identified with the company ( $M = 2.86$ ,  $SD = .963$ ) had less negative-word-of-mouth intention than those who were less identified with the company ( $M = 3.82$ ,  $SD = 1.32$ );  $F(1, 80) = 14.23$ , ( $p < .001$ ). This was after they were exposed to the newspaper article describing the company's excuse response to the crisis. H1e was thus supported. Lastly, the results of the two-way ANOVA on purchase intention found a significant main effect of consumer-company identification,  $F(1, 230) = 101.117$ , ( $p < .001$ ). A one-way ANOVA on purchase intention, which was performed with the data in the excuse strategy condition, also showed the same pattern with the result of two-way ANOVA on purchase intention. This showed that high identification with the company ( $M = 5.36$ ,  $SD = 1.24$ ) generated a higher level of purchase intention than low identification ( $M = 3.42$ ,  $SD = 2.15$ );  $F(1, 80) = 25.45$ , ( $p < .001$ ). H1f was, therefore, also confirmed.

Table 10: Descriptive Statistics and Results of Two-way ANOVAs

Dependent Variables	Low Identification			High Identification		
	Excuse	Compen -sation	Apology	Excuse	Compen -sation	Apology
	Mean (SD)	Mean (SD)	Mean (SD)	Mean (SD)	Mean (SD)	Mean (SD)
Feelings of Betrayal	3.01 (1.34)	3.19 (1.41)	3.09 (1.27)	2.82 (1.35)	3.47 (1.41)	2.63 (1.49)
Post-Crisis Corporate Reputation	4.18 (1.08)	4.49 (.982)	4.60 (.926)	4.78 (1.04)	4.55 (.941)	4.97 (1.16)
Perceived Corporate Credibility	4.32 (1.30)	4.16 (1.39)	3.77 (1.47)	5.21 (1.08)	5.13 (1.30)	5.40 (1.35)
Attitudes toward the Company	4.09 (1.54)	3.88 (1.54)	3.69 (1.70)	5.32 (1.25)	5.10 (1.42)	5.57 (1.34)
Negative Word-of-Mouth Intention	3.82 (1.32)	4.05 (1.21)	4.24 (1.40)	2.86 (.963)	3.47 (1.23)	2.99 (1.23)
Purchase Intention	3.42 (2.15)	2.74 (1.92)	2.92 (1.78)	5.36 (1.24)	4.95 (1.53)	5.54 (1.50)
Dependent Variables	Source			F	P	
Feelings of Betrayal <sup>a</sup>	Type of Strategy (A)			2.59	.077	
	Level of Identification (B)			.452	.502	
	A x B			1.37	.256	
Post-Crisis Corporate Reputation <sup>b</sup>	A			2.08	.127	
	B			6.49	.011	
	A x B			1.26	.285	
Perceived Corporate Credibility <sup>c</sup>	A			.390	.677	
	B			45.43	.000	
	AxB			1.93	.147	
Attitudes toward the Company <sup>d</sup>	A			.424	.655	
	B			56.17	.000	
	AxB			1.34	.264	
Negative Word-of-Mouth Intention <sup>e</sup>	A			2.36	.097	
	B			33.03	.000	



Table 10: Cont.

	AxB	1.39	.251
	A	1.97	.142
Purchase Intention <sup>f</sup>	B	101.12	.000
	AxB	.826	.439
Notes: ANOVA = analysis of variance.			
<sup>a</sup> $R^2 = .035$ (Adjusted $R^2 = .014$ )			
<sup>b</sup> $R^2 = .056$ (Adjusted $R^2 = .036$ )			
<sup>c</sup> $R^2 = .183$ (Adjusted $R^2 = .165$ )			
<sup>d</sup> $R^2 = .212$ (Adjusted $R^2 = .195$ )			
<sup>e</sup> $R^2 = .158$ (Adjusted $R^2 = .140$ )			
<sup>f</sup> $R^2 = .325$ (Adjusted $R^2 = .310$ )			

### ***Testing Hypothesis 2***

Next, Hypothesis 2 examined the interaction effects between type of a crisis communication strategy and level of consumer-company identification on the six dependent variables – feelings of betrayal, post-crisis corporate reputation, perceived corporate credibility, attitudes toward the company, negative word-of-mouth intention, and purchase intention - within the compensation and apology conditions. More specifically, Hypothesis 2 predicted that for subjects who strongly identified with the company, the compensation strategy would be as effective as the apology strategy. For those weakly identified with the company, the apology strategy is more effective than the compensation strategy, yielding a lower level of feeling betrayed, a higher level of post-crisis corporate reputation and corporate credibility, more favorable attitudes toward the company, a lower level of negative word-of-mouth intention, and a higher level of purchase intention.

Results of each of the two-way ANOVA tests presented in Table 7 above showed that H2a, H2b, H2c, H2d, H2e, and H2f were not supported. None of the ANOVA tests found significant interaction effects between the two factors. That is, the effect of type of a crisis communication strategy (i.e., compensation, apology) was not dependent upon the level of consumer-company identification.

First, the result of the two-way ANOVA on feelings of betrayal did not show a significant interaction between type of a crisis communication strategy and level of consumer-company identification. This suggested that level of consumer-company identification ( $p > .05$ ) influenced the effects of the compensation and apology strategies on feelings of betrayal. Thus, H2a was not supported. The result of the ANOVA on post-crisis corporate reputation indicated that the effects of the compensation and apology strategies were not significantly different on the dependent variable regardless of the level of consumer-company identification, thus disconfirming H2b ( $p > .05$ ).

The ANOVA on perceived corporate credibility also showed no significant interaction effect between the type of a crisis communication strategy and the level of consumer-company identification; both compensation and apology strategies generated similar levels of corporate credibility in both conditions of high and low identification. H2c, thus, was not supported ( $p > .05$ ). Next, to test H2d an ANOVA was conducted on attitudes toward the company. The result demonstrated that, as with the same pattern found with the previous tests, the level of consumer-company identification failed to influence the effects of crisis communication strategies; the effects of compensation and apology strategies on attitudes toward the company were not significantly different across

the conditions of high and low identification, disconfirming H2d ( $p > .05$ ). H2e was tested in the same way. No significant interaction was found between the two the factors, suggesting that H2e was not supported ( $p > .05$ ). Both of the compensation and apology strategies led to similar levels of negative word-of-mouth intention regardless of the level of identification with the company. Lastly, the result of the ANOVA on purchase intention showed the same pattern with the aforementioned results. For both conditions of high and low identification, the compensation and apology strategies generated similar levels of purchase intention, failing to support H2f ( $p > .05$ ).

In addition, interestingly, the results of the two-way ANOVAs on the six dependent variables failed to show the main effect of type of a crisis communication strategy. Even though the main effect of type of a crisis communication strategy was not hypothesized for the study, one of the premises of the study was that the more accommodating strategy (i.e., apology strategy), the more effective. The following section discusses this unexpected finding along with the results of hypotheses testing. The summary of hypotheses tests is listed in Table 11.

Table 11: Summary of Hypotheses Tests

Hypotheses		Results
H1a: Feelings of Betrayal	HI <sup>a</sup> < LI <sup>b</sup>	Not Supported
H1b: Post-Crisis Corporate Reputation	HI > LI	Supported
H1c: Perceived Corporate Credibility	HI > LI	
H1d: Attitudes toward the Company	HI > LI	
H1e: Negative Word-of-Mouth Intention	HI < LI	
H1f: Purchase Intention	HI > LI	
H1a: Feelings of Betrayal	HI: Compensation = Apology LI: Compensation > Apology	Not supported
H1b: Post-Crisis Corporate Reputation	HI: Compensation = Apology LI: Compensation < Apology	
H1c: Perceived Corporate Credibility	HI: Compensation = Apology LI: Compensation < Apology	
H1d: Attitudes toward the Company	HI: Compensation = Apology LI: Compensation < Apology	
H1e: Negative Word-of-Mouth Intention	HI: Compensation = Apology LI: Compensation > Apology	
H1f: Purchase Intention	HI: Compensation = Apology LI: Compensation < Apology	

<sup>a</sup> = High Identification, <sup>b</sup> = Low Identification

## DISCUSSION

The results of Study 1 lend support to the notion that the level of consumer's identification with a company influences the effectiveness of crisis communication strategies. Regardless the type of a crisis communication strategy (excuse, compensation, or apology), the results indicate that consumers who strongly identify with the company are more likely to respond favorably toward the corporate incident and the corporation's response to the crisis. More specifically, consumers with high identification with the company are more likely to perceive the company as reputable and credible, to have more favorable attitudes toward the company, and to be willing to buy products from the company in the future than those with low identification with the company. Moreover,

they are less likely to spread negative information about the company and its products after being exposed to the corporate crisis. Consistent with previous studies in the interpersonal communication (Finkel et al., 2002; Karrenmans and Aarts, 2007), the findings suggest that consumers who are highly identified with and who feel connected to the company are more likely to adopt a generous toward the company's involvement in a negative incident. In other words, the close relationship between a consumer and a company in a non-crisis situation acts as an immunization to a corporate crisis.

As predicted in Hypothesis 1, it should be noted that an excuse strategy is more effective for consumers strongly identified with a company than for those weakly identified. This finding further rationalizes the argument that the information processing of a corporate incident may vary depending on a consumer's identification with the company (Bhattacharya & Sen, 2003; Einwiller et al., 2006). Consumers who strongly identified with a company would seem to process the negative information in defensive information processing to protect their self-belief and resist attitude change that negative corporate information could potentially bring about. Accordingly, a consumer would be less likely to attribute the crisis to the company and more likely, in resolving cognitive dissonance caused by the crisis, to seek other attributes attending the crisis. Thus, for consumers feeling a close connection to the company, the excuse communication strategy can be viewed as a valid defense of the company's position.

Consumers feeling little or no connection with the company would be likely to process the negative corporate information more diagnostically, trying to figure out the truth behind the crisis. Such consumers are more likely to attribute the negative incident

to the company and expect it to take greater responsibility. Therefore, these consumers are likely to see excuses as the company's evasion technique of taking responsibility.

It should also be noted that consumer-company identification had no effect on a consumer's feeling of betrayal. The mean of feelings of betrayal in both groups of high and low identification was less than four. This indicates that regardless of their level of identification with a company, subjects may not feel betrayed by the manipulated crisis. This may mean that the severity of the crisis used in this experiment failed to rise to a high enough level to evoke a feeling of betrayal. This finding may be a result of the manipulation-related problems. Participants may regard the crisis of river pollution described in the newspaper article as an accidental weather-related crisis. Company blame for the crisis might have thus been mitigated. Different results may be found when using a transgression crisis. Or the result may also, perhaps, be explained by the participants' low involvement in the crisis described in the newspaper articles. River pollution occurring away from the participants' living boundary might have lowered their crisis involvement. Had the crisis happened in their towns, their feelings of betrayal would surely have increased. Accordingly, the level of betrayed feelings might be much affected by the degree of consumer-company identification. This speculation implies that in the research of feelings of betrayal in corporate crisis contexts personal involvement in the crisis or social distance between a consumer and a crisis are pivotal constructs that should be considered in future studies.

Another possible explanation for the failure to show the non-significant effect of the consumer-company identification on the feelings of betrayal arises from the

measurement of the feeling of betrayal. The measurement used in this study might fail to adequately tap into construct of the feelings of betrayal. A more refined and sophisticated measure may produce the expected results.

The use of a river pollution crisis may also explain the absence of the main effect of type of a crisis communication strategy. Surprisingly, the study found that all strategies—excuse, compensation, and apology—generated similar consumer responses toward a corporate crisis and crisis communication strategies. This finding was unexpected. It had been assumed, based on the literature (Bradford & Garrett, 1995; Dean, 2004; Lyon & Cameron, 2004), that the more accommodative strategy (apology) would be the more effective. As mentioned above, since the crisis type used in the experiment – river pollution – could be considered as an accidental crisis to some extent, an excuse strategy may not be taken as offensive. In fact, it could be perceived as appropriate, yielding the similar effectiveness with more accommodative strategies such as compensation and apology strategies. This finding calls for another study using a different type of crisis (e.g., transgression crisis).

In addition, consumer-company identification failed to significantly moderate the effect of type of a crisis communication strategy. This did not square with the prediction that compensation and apology strategies would be similarly effective for consumers with high identification and that for those with low identification an apology strategy would be the more effective. In fact, the effects of the two crisis communication strategies were found to be the same regardless the level of consumer-company identification.

In short, this study's findings suggest that the three crisis communication strategies – excuse, compensation, and apology – have equivalent effects. They generated similar levels of feelings of betrayal, post-crisis corporate reputation, corporate credibility, attitudes toward the company, negative word-of-mouth intention, and purchase intention. The study further suggests that the equivalent effectiveness is not dependent upon consumer's level of identification with a company. A compensation strategy or even an excuse strategy can be as effective as an apology strategy regardless of the level of consumer-company identification. To verify this finding, a different type of crisis (e.g., transgression crisis) should be dealt with in this context. Adding crisis type as another moderating factor to alter the effectiveness of crisis communication strategies may explain this unexpected finding and strengthen the study's external validity. If so, it would expand our understanding of consumer responses under a corporate crisis in reality.



## **CHAPTER V: STUDY 2**

Study 2 investigates the moderating effect of perceived fit between corporate associations and crisis type on the effect of crisis communication strategies (Hypotheses 3 and 4). This chapter gives an overview of Study 2's design, its major constructs and measurements, the data collection procedure, the sampling, and results. A brief discussion is also included.

### **METHOD**

#### **Experimental Design**

To test Hypotheses 3 and 4, a 2 x 2 between-subject factorial design was employed. The two factors were types of crisis communication strategies (excuse vs. apology) and perceived fit between corporate associations and crisis type (incongruent vs. congruent). Both factors were manipulated variables. Types of crisis communication strategy were devised to manipulate the excuse or apology strategies. The perceived fit between corporate associations and crisis type was devised to manipulate incongruence and congruence.

#### **Choice of Company with Corporate Ability and Crisis**

Since a consumer-company identification effect was found in Study 1, that factor was included in Study 2 as a covariate. Therefore, as with Study 1, a real company with CA associations was used for experimental stimuli despite the potential confounding effects of pre-existing attitudes and knowledge. The first pretest was conducted to develop lists of companies with CA or CSR associations. In reality, most companies have multiple associations, that is, both CA and CSR associations. Hence, it was important to

select a company thought to have more CA associations and fewer CSR associations. To accomplish this, 20 college students (13 males, 7 females) were asked to list three companies they thought were experts in their fields, that were reliable, and that consistently produced and delivered quality products or services. They were also asked to list three companies they thought were foremost at being socially responsible, behaving ethically, and contributing to the welfare of society. Table 12 presents companies in order of their CA or CSR associations. Companies receiving only one mention were excluded. Such companies as Apple, Microsoft, and Adobe were considered to have CA associations. Google joined Apple and Microsoft—replacing Adobe—as a company having CSR associations. Although Apple had both CA and CSR associations, more than 50 percent of the subjects perceived it as a company having CA associations. Microsoft received the second most mentions as a company with CA associations; however, it was perceived as being almost equally social responsible. Apple, therefore, was used as the company for the experimental stimulus.

Table 12: Companies with CA or CSR associations

Companies with CA	# of Mention (N = 20)	Companies with CSR	# of Mention (N = 20)
Apple	11	Apple	6
Microsoft	7	Microsoft	6
Adobe	5	Google	6
Google	4	Facebook	3
Nike	4	Toms	3
Amazon	3	Amazon	2
Sony	3	Whole Food	2
		Epic	2
		Bungie	2

For the corporate crisis, the study fabricated two types of crisis events – a product failure and an ethical violation. The product failure was used to satisfy the conditions of a good fit between corporate associations (CA) and crisis type. The ethical violation was used to satisfy those of a bad fit between corporate associations (CA) and crisis type. To minimize the difference of crisis attribution to the company, both crises were manipulated as the same crisis type – a transgression crisis involving an organizational misdeed. As suggested in the section of discussion of Study 1, a transgression crisis was employed for Study 2. The product failure involved allegations that Apple manufactured flawed batteries that caused fire injury and damage to its consumer. The unethical behavior involved allegations that Apple violated child labor laws in its factories in China.

### **Experimental Stimulus**

The study developed newspaper articles that exposed negative corporate information and the corporate response to the crisis. To satisfy the conditions of congruence between corporate associations (CA) and crisis type, the newspaper articles described an Apple iPad2 catching fire while being used by its owner. The cause was attributed to the device's lithium ion battery. To satisfy the conditions of incongruence, the newspaper articles described Apple factories in China getting caught using child labor. The newspaper articles also laid out Apple's response to the crisis, depicting it as either an excuse or apology strategy. Thus, a total of four versions of the newspaper article were developed.

### **Confirmation of Manipulation**

The second pretest was conducted to confirm whether or not experimental stimuli were properly manipulated as intended. First, the manipulated newspaper articles were shown to 31 undergraduate students. Participants were then asked to rate their perceptions of crisis communication strategies. This was to confirm whether the two types of corporate response were appropriately manipulated based on the type of crisis communication strategy (excuse vs. apology). The perceptions of crisis communication strategies were assessed using two questions modified from Coombs and Holladay's (2008) manipulation-check items for crisis response strategies: 1) "Apple minimized their responsibility by claiming they were unable to control the incident," and 2) "Apple took full responsibility for the incident and asked for forgiveness."

An independent samples t-test was conducted to compare subject's perceptions of each crisis communication strategy (i.e., excuse, apology), as shown in Table 13. Subjects exposed to the excuse strategy evaluated it significantly differently ( $p < 0.01$ ) than did those exposed to the apology strategy ( $p < 0.001$ ). This result indicates that two different crisis communication strategies were successfully manipulated.

Table 13: Evaluation of Crisis Communication Strategies by Excuse and Apology Conditions

Evaluation	Excuse Condition (n = 14)	Apology Condition (n = 17)	<i>t</i>	P-Value
Excuse	4.71	2.82	3.44	.002
Apology	2.57	5.76	-5.25	.000

The pretest also determined whether Apple was perceived as a company having CA associations. Participants were asked to evaluate Apple on each of the corporate

attributes: “I think Apple develops innovative products and services;” “I think that Apple offers high-quality products;” “I think that Apple offers products that are good value for the price;” “I think that Apple is well managed;” and “I think that Apple employs talented people in comparison with its competitors”. Apple’s CRS associations were also measured and compared with its CA associations using the following three items: “I think that Apple supports good causes;” “I think that Apple behaves responsibly regarding the environment;” and “I think that Apple is highly involved in the local community,” Both measures for CA and CSR associations were adopted from a previous study (Berens, Riel, & Bruggen, 2005). A descriptive analysis confirmed that Apple is more likely to hold CA associations ( $M = 5.59$ ,  $SD = .939$ ) than CSR associations ( $M = 4.27$ ,  $SD = 1.203$ ).

Finally, the pretest determined whether the congruence between corporate associations and crisis type had been successfully manipulated. The perceived fit between perceptions of the company and the crisis described in the news article was measured on a three-item, seven-point Likert-type scale: “I think that the issue of product defects/child labor in general is related to Apple’s expertise in producing and delivering its products and services;” “I think that the issue of product defects/child labor in general is relevant to Apple’s expertise in producing and delivering its products and services;” and “I think that the issue of product defects/child labor in general tells something about Apple’s expertise in producing and delivering its products and services.” An independent samples t-test confirmed that the independent variable of perceived fit between corporate associations and crisis type had been appropriately manipulated. The battery explosion

incident produced a higher congruence score ( $M = 5.21$ ,  $SD = 1.222$ ) between corporate associations and crisis type than did the child labor practice ( $M = 3.89$ ,  $SD = 1.239$ );  $t(29) = 2.98$ ,  $p < .01$ .

Lastly, the study measured the believability of the news articles using a three-item, semantic differential scale anchored by “not at all believable-completely believable,” “not at all plausible-completely plausible,” and “doesn’t make sense at all-completely makes sense.” Descriptive analysis indicated the subjects found the newspaper articles to be somewhat believable ( $M = 4.67$ ,  $SD = 1.253$ ).

### **Study Subjects**

Participating in the experiment were a total of 216 undergraduate students in a major state university in the Southwest. The experimental sessions were administered online. Students were given the opportunity to participate in the experiment as a way of receiving course or extra credit.

### **Dependent Measures**

The dependent variables were the same as those used in Study 1. The study needed to identify the interaction effect of type of crisis communication strategy with perceived fit between corporate associations and crisis type. To do so, it sought access to feelings of betrayal, post-crisis corporate reputation, perceived corporate credibility, attitudes toward the company, negative word-of-mouth intention, and purchase intention. Also included, as covariates, in the study were the perceived severity of a crisis and consumer-company identification. The perceived severity of a crisis controls the different perceptions of its seriousness that stem from its type – a product failure or unethical

behavior. To assess this variable, subjects were asked to indicate their opinion about the following statement: I think that the incident caused consumers, “minor problems – major problems,” “small inconveniences – big conveniences,” and “minor aggravation – major aggravation” (Gregoire & Fisher, 2008). Furthermore, Study 1 showed the effect of consumer-company identification on the dependent variables. Specifically, it was found that the level of consumer’s identification with a company significantly affected their perceptions of corporate reputation and credibility, attitudes toward the corporation, negative word-of-mouth intention, and purchase intention when a company faces a negative incident. Because of this finding, Study 2 included the degree of consumer-company identification as a covariate to control subject’s level of identification with Apple. Measures for all of the dependent variables and the control variable of consumer-company identification were identical to those used in Study 1. The questionnaire also included manipulation-check items to see whether the study successfully manipulated the crisis communication strategies (independent variable) and the perceived fit between corporate associations and crisis type (moderating variable). The same scales used in the pretest were used in assessing the effectiveness of the manipulation. Ancillary information, such as subject demographic characteristics, was also obtained to provide a means for checking potential biases in responses.

### **Main Study Procedure**

Data were gathered using a 2 (crisis communication strategies: excuse vs. apology) x 2(perceived fit between corporate associations and crisis type: congruent vs. incongruent) between-subject factorial design. Subjects were randomly assigned to view

negative company information involving a crisis event and the company's response to it. A total of 216 subjects participated in the online experiment. The website greeted participants with an informed consent notice. Subjects were asked to click the "proceed" button if they gave their consent. Subjects then read the newspaper article relating Apple's negative incident and the company's response to the event. Then, subjects were asked to complete questions about their feeling of betrayal, perceptions of post-crisis corporate reputation and corporate credibility, attitudes toward the company, negative word-of-mouth intention, and purchase intention. Afterwards, subjects were presented questions measuring the following: their perception of the crisis severity, their identification with the company, their perception of the crisis communication strategy, their evaluation of Apple's corporate associations (CA and CSR), their perception of congruence between corporate associations (CA) and crisis type. Finally, subjects answered demographic questions such as age, gender, years in college, and so forth. Before subjects left the online experimental site, they were shown a statement saying that the newspaper articles had been entirely fabricated.

## **RESULT**

Study 2 examines the moderating role of perceived fit between corporate associations and crisis type in the effectiveness of different crisis communication strategies (excuse and apology strategies). Thus, Hypotheses 3 and 4 were proposed based on this study objective. Hypotheses 3 and 4 were tested based on a 2 (type of a crisis communication strategy: excuse vs. apology) x 2 (perceived fit between corporate associations and crisis type: congruent vs. incongruent) using two-way ANCOVAs. Like



Study 1, Study 2 employed six dependent variables (feelings of betrayal, post-crisis corporate reputation, perceived corporate credibility, attitudes toward the company, negative word-of-mouth intention, and purchase intention) to measure the effectiveness of crisis communication strategies. As covariates in the analyses, Study 2 included the perceived severity of a crisis and the level of consumer-company identification.

Procedures and analyses are presented in detail in the following sections.

### **Sample Profile**

A total of 216 subjects participated in the main study. After removing subjects who failed to complete the survey, a total of 197 subjects remained for further analysis. Of the 197 subjects, 39% (n = 76) were male and 61% (n = 119) were female. Their mean age was 20.3 years old. The group consisted of freshmen (24.6%, n = 48), sophomore (26.7%, n = 52), juniors (23.6%, n = 46), and seniors (24.6%, n = 48) and a graduate student (0.5%, n = 1). The majority of subjects were Caucasian/White (54.1%, n = 105), followed by Asian Americans/Asian (24.2%, n = 47), Hispanics/Latino (14.4%, n = 28), others (3.6%, n = 7), African Americans/Black (2.6%, n = 5), Native American (0.5%, n = 1), and Pacific Islander (0.5%, n = 1). In addition, out of 197 subjects, 92.3% (n = 180) owned an Apple product, and 19% (n = 37) owned iPads. Table 9 provides sample demographic characteristics and product ownership.

### **Manipulation Checks**

Four versions of newspaper articles describing Apple's involvement in a corporate incident (battery explosion vs. child labor practice) and its response to the incident (excuse vs. apology) were created for the main study. Manipulation checks were

conducted to ensure that subjects had correctly perceived type of a crisis communication strategy and correctly perceived the fit between Apple's corporate associations (CA) and crisis type as intended. In addition, perceptions of Apple's corporate associations (CA and CSR) were also included in the data analyses for the manipulation checks.

First, to confirm the manipulation of the type of crisis communication strategy (excuse vs. apology), independent sample t-tests were conducted. The results, as shown in Table 14, confirmed that two crisis communication strategies were successfully manipulated. Subjects exposed to the newspaper article describing an excuse strategy were compared with subjects exposed to one describing an apology strategy. The comparison revealed that the evaluation of excuse strategy ( $p < 0.001$ ) differed significantly from the evaluation of apology strategy ( $p < 0.001$ ).

In addition, independent sample t-tests with gender, ethnicity, and corporate brand ownership confirmed that subjects were randomly assigned to the manipulated conditions. The results indicated that gender ( $p > .05$ ), ethnicity ( $p > .05$ ), and corporate brand ownership ( $p > .05$ ) were not significantly different between the excuse and the apology strategy conditions.

Table 14: Evaluation of Crisis Communication Strategies by Excuse and Apology Conditions

Evaluation	Excuse Condition (n = 93)	Apology Condition (n = 102)	<i>t</i>	P-Value
Excuse	4.47	3.62	4.06	.002
Apology	3.14	4.98	-9.43	.000

Another independent sample t-test showed that the perceived fit between corporate associations and crisis type were successfully manipulated. A battery explosion was more likely to be perceived as congruent with Apple's CA associations ( $M = 4.49$ ,  $SD = .903$ ) than was child labor practice ( $M = 3.71$ ,  $SD = 1.200$ );  $t(184) = 5.18$ ,  $p < .001$ . Random assignment in terms of subjects' gender ( $p > .05$ ), ethnicity ( $p > .05$ ), and corporate brand ownership ( $p > .05$ ) were also confirmed with independent sample t-tests.

Descriptive analyses confirmed that Apple was more likely to be perceived as a company holding CA associations ( $M = 5.52$ ,  $SD = .974$ ) than CSR associations ( $M = 4.56$ ,  $SD = 1.212$ ). Test results further showed that subjects found the news articles to be somewhat believable ( $M = 4.69$ ,  $SD = 1.230$ ).

### **Reliability Tests**

Reliability tests showed that all measured variables were reliable: perceived fit between corporate associations and crisis type ( $\alpha = .87$ ), CA associations ( $\alpha = .87$ ), CSR associations ( $\alpha = .89$ ), the believability of newspaper article ( $\alpha = .92$ ), perceive severity of a crisis ( $\alpha = .88$ ), consumer-company identification ( $\alpha = .88$ ), feelings of betrayal ( $\alpha = .95$ ), post-crisis corporate reputation ( $\alpha = .85$ ), perceived corporate responsibility ( $\alpha = .96$ ), attitudes toward the company ( $\alpha = .98$ ), negative word-of-mouth intention ( $\alpha = .73$ ), and purchase intention ( $\alpha = .97$ ). Regarding the reliability of the measured variables, the Cronbach's alpha coefficient was between .73 and .98.

### **Hypotheses Tests**

Subsequently, H3 and H4 were tested with a series of two-way ANCOVAs on each of the dependent variables – feelings of betrayal, post-crisis corporate reputation,

perceived corporate credibility, attitudes toward the company, negative word-of-mouth intention, and purchase intention. The effects of perceived severity of a crisis and the level of consumer-company identification were controlled for. Study 1 found that the level of consumer-company identification had a significant effect on the dependent variables. Thus, to test the hypotheses, consumer-company identification was included as a covariate in the analyses of Study 2. Results of hypotheses testing are presented below in the order of dependent variables. Table 15, which follows, provides descriptive statistics of each cell.

Table 15: 2 x 2 Experimental Design Descriptive Statistics

Excuse Strategy (n = 93 )	Congruence between Corporate Associations and Crisis Type (n = 46)
	Incongruence between Corporate Associations and Crisis Type (n = 47)
Apology Strategy (n = 102 )	Congruence between Corporate Associations and Crisis Type (n = 49)
	Incongruence between Corporate Associations and Crisis Type (n = 53)

### ***Feelings of Betrayal***

Hypotheses 3a and 4a proposed that consumer feelings of betrayal would be impacted by an interaction effect from among the type of a crisis communication strategy and perceived fit between corporate associations and crisis type. To conduct an ANCOVA on feelings of betrayal, the homogeneity-of-regression assumption was first tested. To test for equality of regression slopes, an ANOVA was run with a model that included all main effects of the factors, the covariates, and the interaction of the

covariates with the factors. No significant interactions were found between type of a crisis communication strategy and perceived severity of a crisis,  $F(1, 188) = 1.07, p > .05$ . Neither were any found between type of a crisis communication strategy and consumer-company identification,  $F(1, 188) = .008, p > .05$ , nor between perceived fit and perceived severity of a crisis,  $F(1, 188) = .465, p > .05$ , nor between perceived fit and consumer-company identification,  $F(1, 188) = 1.29, p > .05$ . The non-significant interaction effects indicate the regression slopes and regression plane are homogeneous. The assumption, therefore, was not violated.

A two-way ANCOVA was carried out on feelings of betrayal following the test for the homogeneity-of-regression assumption. As shown in Table 16, a marginally significant interaction effect between type of crisis communication strategy and perceived fit was found,  $F(1, 191) = 3.61, p = .059$ . More specifically, as presented in Figure 1, with Apple being involved in the battery explosion (congruence between corporate associations and crisis type), both of the excuse and apology strategies generated lower levels of feelings of betrayal than when it was involved in the child labor practices. H4a was thus not confirmed. On the other hand, a one-way ANOVA contrast test was further performed to test H3a. The result of the analysis showed that the mean between the two groups of apology-congruence and apology-incongruence was marginally significant,  $t(193) = -1.81, p = .072$ , finally suggesting that H3a was marginally supported. Interestingly, Figure 1 further indicates that, on feelings of betrayal, the apology strategy was more effective than the excuse strategy when the crisis was congruent with corporate

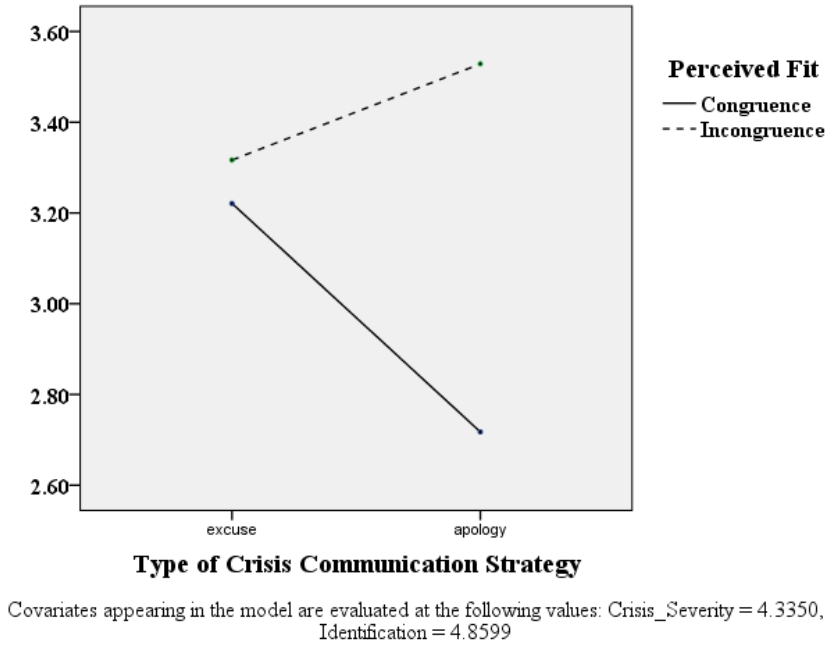
associations; the excuse strategy was more effective than the apology when the fit was incongruent.

In addition, the results revealed that while type of a crisis communication strategy ( $p > .05$ ) did not influence consumer feelings of betrayal, perceived fit between corporate associations and crisis type had a significant effect,  $F(1, 191) = 5.36, p < .05$ . An additional note is that the covariate, perceived severity of a crisis appeared to significantly influence feelings of betrayal ( $p < .001$ ). The interaction effect of type of crisis communication strategy and perceived fit between corporate associations and crisis type was still marginally significant despite the significant effect of the covariate.

Table 16: Descriptive Statistics and ANCOVA Results on Feelings of Betrayal

	Excuse		Apology	
	Congruent	Incongruent	Congruent	Incongruent
	Mean ( <i>SD</i> )	Mean ( <i>SD</i> )	Mean ( <i>SD</i> )	Mean ( <i>SD</i> )
Feelings of Betrayal	3.28 (1.38)	3.08 (1.42)	2.96 (1.49)	3.46 (1.33)
Source			F	<i>P</i>
Type of Crisis Communication Strategy			.587	.445
Perceived Fit			5.36	.022
Type of Crisis Communication Strategy x Perceived Fit			3.61	.059
Perceived Severity of Crisis			29.23	.000
Consumer-Company Identification			1.39	.240
Notes: ANCOVA = analysis of covariance.				
$R^2 = .154$ (Adjusted $R^2 = .132$ )				

Figure 1: Type of a Crisis Communication Strategy x Perceived Fit between Corporate Associations and Crisis Type on Feelings of Betrayal



### *Post-Crisis Corporate Reputation*

Hypotheses 3b and 4b predicted that consumer perception of post-crisis corporate reputation would be impacted by an interaction effect of type of crisis communication strategy and perceived fit between corporate associations and crisis type. H3b and H4b were tested with a two-way ANCOVA on post-crisis corporate reputation following the test for homogeneity-of-regression assumption. No significant interactions were found between type of crisis communication strategy and perceived severity of a crisis,  $F(1, 188) = 3.86, p > .05$ . Neither were they found between type of a crisis communication strategy and consumer-company identification,  $F(1, 188) = 3.72, p > .05$ , nor between perceived fit and perceived severity of a crisis,  $F(1, 188) = 2.21, p > .05$ , nor between perceived fit and consumer-company identification,  $F(1, 188) = 2.44, p > .05$ .

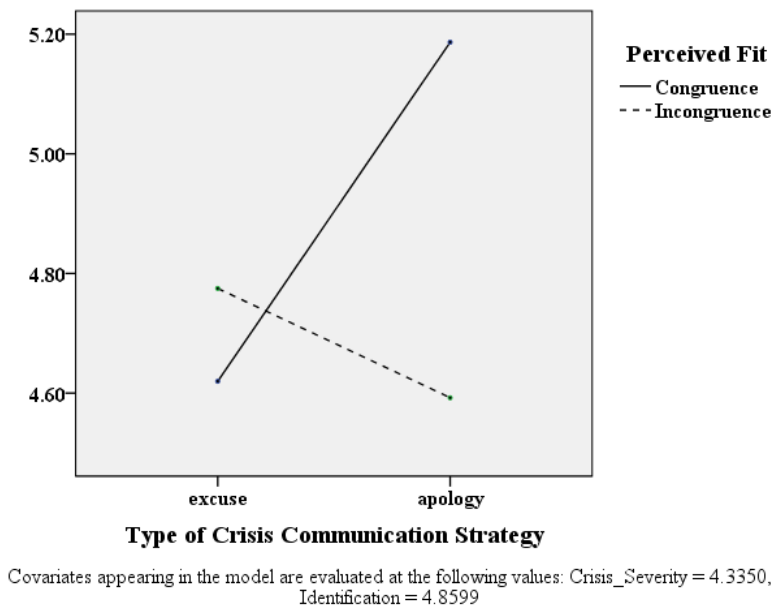
A two-way ANCOVA was thus conducted on post-crisis corporate reputation with perceived severity of a crisis ( $p > .05$ ) and consumer-company identification ( $p < .001$ ). Consistent with the prediction, as shown in Table 17, the effects of the excuse and apology strategies on post-crisis corporate reputation were dependent on perceived fit,  $F(1, 191) = 7.60, p < .01$ . Figure 2 presents the pattern of the interaction effect between the two factors. In the congruent condition, the apology strategy generated a higher level of post-crisis corporate reputation than it did in the incongruent condition. On the other hand, the excuse strategy led, in the incongruent condition, to a higher level of post-crisis corporate reputation than it did in the congruent condition. As such, the interaction pattern looked as though it supported both hypotheses, H3b and H4b. Contract tests were then run to confirm the significance of mean differences between groups of apology-congruence and apology-incongruence as well as between groups of excuse-congruence and excuse-incongruence. According to the results, the significant effect of the degree of congruence was found in the apology conditions,  $t(193) = -2.94, p < .01$ . It was not found in the excuse conditions,  $t(193) = -1.40, p > .05$ . Therefore, H3b was supported while H4b was not.. Figure 2 further indicates that when the fit between corporate associations and crisis type was congruent the apology strategy was more effective than the excuse strategy on post-crisis corporate reputation. However, when the fit is incongruent, the excuse strategy was the more effective. In addition, the results found no significant effects on post-crisis corporate reputation by type of a crisis communication strategy ( $p > .05$ ) or by perceived fit between corporate associations and crisis type ( $p > .05$ ).



Table 17: Descriptive Statistics and ANCOVA Results on Post-Crisis Corporate Reputation

	Excuse		Apology	
	Congruent	Incongruent	Congruent	Incongruent
	Mean ( <i>SD</i> )	Mean ( <i>SD</i> )	Mean ( <i>SD</i> )	Mean ( <i>SD</i> )
Post-Crisis Corporate Reputation	4.55 (1.16)	4.86 (1.28)	5.19 (.961)	4.57 (.897)
Source			F	P
Type of a Crisis Communication Strategy			1.95	.164
Perceived Fit			2.42	.122
Type of a Crisis Communication Strategy x Perceived Fit			7.60	.006
Perceived Severity of a Crisis			3.86	.051
Consumer-Company Identification			54.43	.000
Notes: ANCOVA = analysis of covariance. $R^2 = .276$ (Adjusted $R^2 = .257$ )				

Figure 2: Crisis Communication Strategies x Perceived Fit between Corporate Associations and Crisis Type on Post-Crisis Corporate Reputation



### ***Perceived Corporate Credibility***

Next, Hypotheses 3c and 4c examined the effect on perceived corporate credibility caused by interaction between type of crisis communication strategy and perceived fit between corporate associations and crisis type. The assumption test for equality of regression slopes showed no significant interactions between the independent variables and the covariates. No significant interactions were found between type of a crisis communication strategy and perceived severity of a crisis,  $F(1, 188) = .175, p > .05$ . Neither were any found between type of crisis communication strategy and consumer-company identification,  $F(1, 188) = .022, p > .05$ , nor between perceived fit and perceived severity of a crisis,  $F(1, 188) = 1.47, p > .05$ , nor between perceived fit and consumer-company identification,  $F(1, 188) = .227, p > .05$ . The non-significant interaction effects indicate that the assumption was not violated.

A two-way ANCOVA was thus conducted on perceived corporate credibility. A significant interaction effect was found on perceived corporate credibility while controlling for perceived severity of crisis ( $p < .001$ ) and consumer-company identification ( $p < .001$ ). The interaction was between type of crisis communication strategy and perceived fit between corporate associations and crisis type,  $F(1,191) = 4.74, p < .05$  (see Table 18). In addition, Figure 3 specifically indicates that an apology strategy generated a higher level of corporate credibility for subjects in the congruent condition (battery explosion) than it did for those in the incongruent condition (child labor practices). In contrast, an excuse strategy led to a higher level of corporate credibility for subjects in the incongruent condition (child labor practices) than it did for those in the

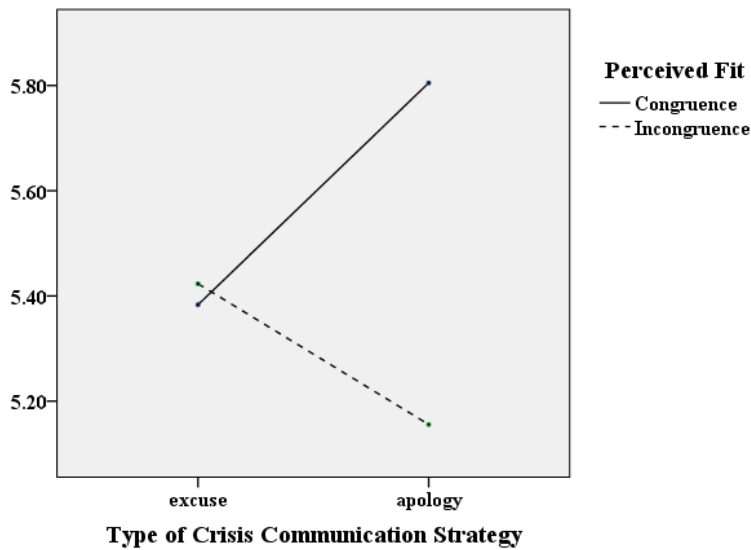
congruent condition (battery explosion). However, to check whether the mean differences were statistically significant, additional contrast tests were conducted. The results indicated that while the mean was significantly different between the apology-congruence and the apology-incongruence conditions,  $t(193) = 2.20, p < .05$ , thus supporting H3c, the mean difference between the excuse-congruence and the excuse-incongruence conditions was not significant,  $t(193) = -1.19, p > .05$ , disconfirming H4c. Similar to the same pattern with the test on post-crisis corporate reputation, Figure 3 further suggests that when a company is involved in a crisis congruent with its corporate associations, an apology strategy is more effective than an excuse strategy. When a company is involved in a crisis incongruent with its corporate associations, then an excuse strategy works better than an apology strategy.

Furthermore, it should be noted that the interaction effect of the two factors was robust despite the significant effects of the covariates – perceived severity of a crisis and consumer-company identification. The results also revealed that no significant main effects of crisis communication strategies ( $p > .05$ ) and perceived fit between corporate associations and crisis type ( $p > .05$ ) were found on perceived corporate credibility.

Table 18: Descriptive Statistics and ANCOVA Results on Perceived Corporate Credibility

	Excuse		Apology	
	Congruent	Incongruent	Congruent	Incongruent
	Mean ( <i>SD</i> )	Mean ( <i>SD</i> )	Mean ( <i>SD</i> )	Mean ( <i>SD</i> )
Perceived Corporate Credibility	5.30 (1.26)	5.61 (1.21)	5.71 (1.13)	5.16 (1.40)
Source	F		<i>P</i>	
Type of a Crisis Communication Strategy	.232		.631	
Perceived Fit	3.43		.065	
Type of a Crisis Communication Strategy x Perceived Fit	4.74		.031	
Perceived Severity of a Crisis	18.24		.000	
Consumer-Company Identification	42.85		.000	
Notes: ANCOVA = analysis of covariance. $R^2 = .263$ (Adjusted $R^2 = .244$ )				

Figure 3: Crisis Communication Strategies x Perceived Fit between Corporate Associations and Crisis Type on Perceived Corporate Credibility



Covariates appearing in the model are evaluated at the following values: Crisis\_Severity = 4.3350, Identification = 4.8599

### *Attitudes toward the Company*

Hypotheses 3d and 4d postulated about how type of crisis communication strategy and perceived fit between corporate associations and crisis type might interact to affect attitudes toward the company. The assumption test for equality of regression slopes revealed no significant interactions between type of a crisis communication strategy and the covariates: type of crisis communication strategy and perceived severity of a crisis,  $F(1, 188) = .121, p > .05$ , and type of a crisis communication strategy and consumer-company identification,  $F(1, 188) = .757, p > .05$ . The test further confirmed no interaction effects between perceived fit and perceived severity of a crisis,  $F(1, 188) = 2.59, p > .05$ , and between perceived fit and consumer-company identification,  $F(1, 188) = .150, p > .05$ .

Since the assumption of equality of regression slopes was not violated, a two-way ANCOVA on attitudes toward the company was carried out. With covariates being perceived severity of a crisis ( $p < .01$ ) and consumer-company identification ( $p < .001$ ), as presented in Table 19, the results showed that type of crisis communication strategy and perceived fit between corporate associations and crisis type,  $F(1, 191) = 3.40, p = .067$ , exhibited a marginally significant interaction effect on attitudes toward the company.

However, the interaction pattern was not the same as those in the previously tested dependent variables – post-crisis corporate reputation and perceived corporate credibility. As shown in Figure 4, both of the excuse and apology strategies generated more favorable attitudes toward the company when the crisis (battery explosion) was

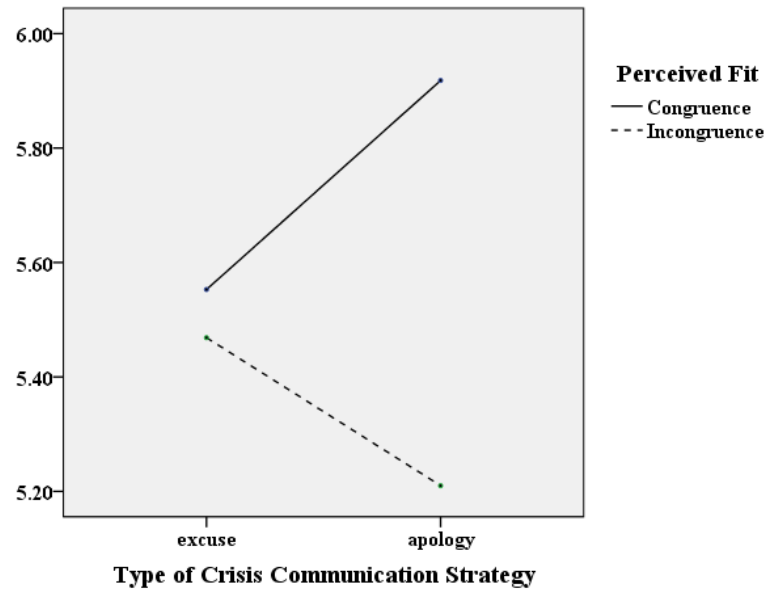
congruent with corporate associations (CA) than when the crisis (child labor practice) was incongruent with corporate associations (CA). To elaborate on this, when Apple, with its CA associations, was involved in the battery explosion crisis, the apology strategy produced more favorable attitudes toward the company than when it was involved in the child labor practices crisis. An additional contrast test also confirmed that, within the apology strategy conditions, the degree of congruence between corporate associations and crisis type were significantly affected,  $t(193) = 2.47, p < .05$ , thus supporting H3d. Similarly, the excuse strategy generated more favorable attitudes toward Apple in the battery explosion crisis than in the child labor practices crisis. This finding failed then to support H4d. However, in terms of the effectiveness of the excuse and apology strategies, the same pattern with the previous tests on feelings of betrayal, post-crisis corporate reputation, and perceived corporate credibility was found. The apology strategy appeared to be more effective than the excuse strategy in the congruent condition; in the incongruent condition, the excuse strategy appeared to be more effective than the apology strategy.

Like the previous hypotheses tests, the joint effect of the two factors on attitudes toward the company was still found, although both of the covariates had significant effects. In addition, while the main effect of type of crisis communication strategy was not significant ( $p > .05$ ), a significant effect was found for perceived fit between corporate associations and crisis type,  $F(1,191) = 5.07, p < .05$ .

Table 19: Descriptive Statistics and ANCOVA Results on Attitudes toward the Company

	Excuse		Apology	
	Congruent	Incongruent	Congruent	Incongruent
	Mean ( <i>SD</i> )	Mean ( <i>SD</i> )	Mean ( <i>SD</i> )	Mean ( <i>SD</i> )
Attitudes toward the Company	5.45 (1.36)	5.63 (1.38)	5.87 (1.28)	5.20 (1.51)
Source			F	<i>P</i>
Type of a Crisis Communication Strategy			.097	.756
Perceived Fit			5.07	.025
Type of a Crisis Communication Strategy x Perceived Fit			3.40	.067
Perceived Severity of a Crisis			11.66	.001
Consumer-Company Identification			64.61	.000
Notes: ANCOVA = analysis of covariance. <i>R</i> <sup>2</sup> = .263 (Adjusted <i>R</i> <sup>2</sup> = .244)				

Figure 4: Crisis Communication Strategies x Perceived Fit between Corporate Associations and Crisis Type on Attitudes toward the Company



Covariates appearing in the model are evaluated at the following values: Crisis\_Severity = 4.3350, Identification = 4.8599

### ***Negative Word-of-Mouth Intention***

Hypotheses 3e and 4e proposed an interaction effect on negative word-of-mouth intention through type of crisis communication strategy and perceived fit between corporate associations and crisis type. To test the hypotheses, a test for the assumption of equality of regression slopes was followed by a two-way ANCOVA on negative word-of-mouth intention. Based on the assumption test, no significant interactions were found between the covariates and the independent variables: type of a crisis communication strategy and perceived severity of a crisis,  $F(1, 188) = .268, p > .05$ , type of a crisis communication strategy and consumer-company identification,  $F(1, 188) = .165, p > .05$ , perceived fit and perceived severity of a crisis,  $F(1, 188) = .047, p > .05$ , and perceived fit and consumer-company identification,  $F(1, 188) = 1.15, p > .05$ .

While controlling for the perceived severity of a crisis ( $p < .01$ ) and consumer-company identification ( $p < .001$ ), the results showed that, regarding negative word-of-mouth intention, there was no significant interaction between type of crisis communication strategy and perceived fit between corporate associations and crisis type ( $p < .05$ ), thus disconfirming H3e and H4e (see Table 20). The results also revealed an absence of the main effects of type of crisis communication strategy and perceived fit between corporate associations and crisis type.



Table 20: Descriptive Statistics and ANCOVA Results on Negative Word-of-Mouth

Intention

	Excuse		Apology	
	Congruent	Incongruent	Congruent	Incongruent
	Mean ( <i>SD</i> )	Mean ( <i>SD</i> )	Mean ( <i>SD</i> )	Mean ( <i>SD</i> )
Negative Word-of-Mouth Intention	3.08 (1.16)	2.89 (1.36)	2.97 (1.33)	3.21 (1.07)
Source			F	<i>P</i>
Type of a Crisis Communication Strategy			.070	.791
Perceived Fit			1.06	.306
Type of a Crisis Communication Strategy x Perceived Fit			.657	.418
Perceived Severity of a Crisis			10.48	.001
Consumer-Company Identification			46.94	.000
Notes: ANCOVA = analysis of covariance. $R^2 = .236$ (Adjusted $R^2 = .216$ )				

***Purchase Intention***

The final two-way ANCOVA was conducted to test whether the effects of type of crisis communication strategy on purchase intention varied by perceived fit between corporate associations and crisis type. As presented in Table 21, the results showed no interaction effect between the two factors ( $p > .05$ ), thus disconfirming H3f and H4f. The interaction effect did not significantly appear in the ANCOVA, yet the pattern of the interaction effect was consistent, interestingly, with those on the other dependent variables: post-crisis corporate reputation, perceived corporate credibility, and attitudes toward the company. This suggests that, when a crisis is congruent with corporate

associations, an apology strategy is more effective than an excuse strategy. And when a crisis is incongruent with corporate associations, an excuse strategy is more effective than an apology strategy. In addition, the absence of the main effects can be found in the table below. The summary of hypotheses tests is presented in Table 22.

Table 21: Descriptive Statistics and ANCOVA Results on Purchase Intention

	Excuse		Apology	
	Congruent	Incongruent	Congruent	Incongruent
	Mean ( <i>SD</i> )	Mean ( <i>SD</i> )	Mean ( <i>SD</i> )	Mean ( <i>SD</i> )
Purchase Intention	5.35 (1.45)	5.72 (1.60)	5.73 (1.44)	5.30 (1.65)
Source	F		<i>P</i>	
Type of a Crisis Communication Strategy	.106		.745	
Perceived Fit	1.20		.275	
Type of a Crisis Communication Strategy x Perceived Fit	2.10		.149	
Perceived Severity of a Crisis	13.76		.000	
Consumer-Company Identification	76.11		.000	
Notes: ANCOVA = analysis of covariance.				
$R^2 = .329$ (Adjusted $R^2 = .311$ )				

Table 22: Summary of Hypotheses Tests

	Hypotheses		Results
H3a	Feelings of Betrayal	Apology: Congruent < Incongruent	Marginally Supported
H4a		Excuse: Congruent > Incongruent	Not Supported
H3b	Post-Crisis Corporate Reputation	Apology: Congruent > Incongruent	Supported
H4b		Excuse: Congruent < Incongruent	Not Supported
H3c	Perceived Corporate Credibility	Apology: Congruent > Incongruent	Supported
H4c		Excuse: Congruent < Incongruent	Not Supported
H3d	Attitudes toward the Company	Apology: Congruent > Incongruent	Supported
H4d		Excuse: Congruent < Incongruent	Not Supported
H3e	Negative Word-of-Mouth Intention	Apology: Congruent < Incongruent	Not Supported
H4e		Excuse: Congruent > Incongruent	Not Supported
H3f	Purchase Intention	Apology: Congruent > Incongruent	Not Supported
H4f		Excuse: Congruent < Incongruent	Not Supported

## DISCUSSION

The effectiveness of crisis communication strategies can be affected in various ways from a variety of sources. Because of this fact, researchers must investigate interaction effects. The present paper, to the best of the author's knowledge, is one of the first studies to directly examine the interaction between the effects of type of a crisis communication strategy and perceived fit between corporate associations and crisis type. The results reveal that, under certain conditions in a crisis situation, an apology strategy generates higher perceptions of corporate reputation and corporate credibility. The condition for this is namely that a corporate crisis is relevant to corporate key associations (e.g., a battery explosion where Apple possesses CA). If the corporate crisis is irrelevant to corporate key associations (e.g., child labor practices), an excuse strategy leads to more positive outcomes.

The results support, as hypothesized by the author, the interaction between type of crisis communication strategy and perceived fit between corporate associations and crisis type on post-crisis corporate reputation and perceived corporate credibility. Moreover, what makes an effective crisis communication strategy differ—in terms of influencing feelings of betrayal and attitudes toward the company as well as post-crisis corporate reputation and perceived corporate credibility— depending on the corporate associations-crisis type congruence. In other words, while for congruent conditions, an apology strategy is more effective than an excuse strategy, for incongruent conditions, an excuse strategy is rather more effective than an apology strategy.

To explain such interaction effects, attention should be given to the impact of perceived fit between corporate associations and crisis type on feelings of betrayal. Hypothesis 2 was proposed based on the concept of betrayed feelings derived from the interpersonal communication and the organizational behavior literature (Morrison & Robinson, 1997; Elangovan & Shapiro, 1998). Considering this, the finding that corporate associations-crisis type congruence evokes more feelings of betrayal seems to highlight the role of feelings of betrayal in the effectiveness of crisis communication strategies.

Consumers feel more betrayed when a company is involved in a crisis that violates that company's key corporate associations (e.g., when a company held with CA associations faces a product defect, or when a company held with CSR associations faces unethical conduct). Such feelings of betrayal may compel the company to adopt a more accommodative response strategy. The results additionally prove that a crisis that touches

on a company's core corporate associations can be more fatal by inducing consumers' feelings of disappointment and betrayal, necessitating the adoption of a more accommodative crisis response.

An even more interesting finding is how effective an excuse strategy can be when a company faces a crisis not relevant to its corporate associations. One possible explanation is the motivation of information process. As the motivation of information process differs by the level of consumer-company identification (Bhattacharya & Sen, 2003; Einwiller et al., 2006), it may also differ depending on the degree of corporate associations-crisis type congruence. Specifically, when a company is involved in a crisis that violates its key corporate associations, consumers are likely to process such information in a more negatively biased manner. Their perceptions/attitudes, thus, would likely be more swayed by the negative corporate information. Consequently, a more accommodative strategy (a sincere apology and taking full responsibility) would be more effective.

On the other hand, when the crisis is not relevant to key corporate associations, the information processing should be free of negative emotions. Consumers may be, therefore, motivated to process the negative corporate information in an objective and unbiased manner. Here, an apology strategy may only exacerbate things; a company seeking forgiveness may leave the impression that the crisis should be attributed to the company. An excuse strategy, however, may be viewed as simply a reasonable explanation of what happened.

It has so far been shown then that such elements as feelings of betrayal, post-crisis corporate reputation, perceived corporate credibility, and attitudes toward the company are all affected by the perceived fit between corporate associations and crisis type. Where the study failed to show any such significant effects were on behavior-related responses: negative word-of-mouth intention and purchase intention. Despite Apple's putative involvement in a negative event, consumers appeared to still be willing to buy Apple products. These unexpected results suggest that consumers' behavior-related responses seem to be determined by such factors as company characteristics (e.g., corporate reputation, etc.) or consumer characteristics (e.g., brand ownership, brand loyalty, etc.). Hence, it is possible that the non-significant effects were because this study employed Apple, considered one of the most reputable and credible corporations in the U.S. Apple's long-standing corporate reputation in the market of electronic devices and consumer's brand loyalty toward the company may be an obstacle to behavior change.

The results also exhibited the significant effects of the covariate of consumer-company identification on post-crisis corporate reputation, perceived corporate credibility, attitudes toward the company, negative word-of-mouth intention and purchase intention. Consistent with Study 1, this finding further confirms that consumer-company identification is an important indicator of consumer perceptions and attitudes in a corporate crisis, which accordingly affects purchase intention.

Finally, this study disconfirmed its own underlying assumption, that is, the more accommodative strategy such as an apology strategy is the more effective. Study 1 suggested that the absence of an effect of type of crisis communication strategy resulted

from the crisis type – the accident crisis. Because of this, Study 2 employed a transgression crisis as a fabricated corporate event. Nevertheless, no effect from type of crisis communication strategy was found in Study 2. This undermines the explanation proposed in Study 1. The absence of a main effect from type of crisis communication strategy should not be attributed to crisis type (accident vs. transgression).

## **CHAPTER VI: IMPLICATIONS AND FUTURE RESEARCH**

Today, all corporations could potentially be forced to confront a variety of crises. If a company is perceived as an important social institution, consumers will expect it to be socially responsible. Furthermore, with advances in interactive technology, negative corporate information can spread in a minute thus the impact of a corporate crisis may be tremendous, causing severe financial and reputational setbacks. Given a corporate environment vulnerable to any kind of a crisis and its impact on a long-earned corporate reputation, a prompt yet appropriate response to a crisis is the elusive but most sought after action.

Focusing on the effectiveness of crisis communication strategies, this study attempted to extend our theoretical knowledge of the role of situational factors in selecting a crisis communication strategy when a company is involved in a negative incident. More than a few scholars (Dawar & Pillutla, 2000; Kim, 2002; Coombs, 2007a, 2007b; Coombs & Holladay, 2009; Claeys, Cauberghe, & Vyncke, 2010; Dutta & Pullig, 2011; Claeys & Cauberghe, 2011) have given their attention to the link between crisis communication strategies and crisis situations. These scholars have found potential situational factors to help select appropriate crisis communication strategies.

Out of a variety of situational factors affecting the effects of corporate response strategies, the primary interest of the present study lies in relationships among situational components – a company, a crisis, and a consumer. More specifically, the study investigates the effects of the relationships between a company and a consumer (i.e., consumer-company identification) and between a company and a crisis (i.e., perceived fit



between corporate associations and crisis type) on the effect of type of crisis communication strategy. In exploring this research question, the premise of the study is as follows: 1) the relationships among situational components serve as other situational factors to affect consumer responses in a crisis; 2) the effectiveness of crisis communication strategies differ from another, 3) the more accommodative crisis strategy (e.g., apology) is the more effective.

Based on such basic assumptions, the study focused on the effectiveness of less accommodative crisis strategies (e.g., an excuse strategy). The choice of a crisis communication strategy may seem straightforward—an apology strategy is generally the best crisis strategy (Bradford & Garrett, 1995; Coombs, 1996; Dean 2004; Lyon & Cameron, 2004, Huang 2006). For the company, however, this way of thinking is not only false but impractical. In some crisis situations, the apology strategy may backfire by demanding immense crisis management costs and instilling the impression that a crisis is completely attributable to the company. With the bottom line in mind, a company would thus be willing to take the most effective strategy. Hence, the examination of the effect of less accommodative strategies is of prime interest to most profit organizations. This study centered on the moderating roles of situational factors. In particular, it looked at how the effectiveness of crisis communication strategies is influenced by consumer-company identification and by congruence between corporate associations-crisis type. Theoretical and practical implications, limitations, and directions of future research are discussed below.

### **Theoretical Implications**

The study sheds light on the motivated reasoning theory in a corporate crisis context and makes theoretical contributions to the literature pertaining to negative information processing. According to the research findings, regardless the type of crisis communication strategy, consumer-company identification influences the effectiveness of crisis communication strategies. All the types of crisis communication strategies are more effective for consumers strongly identified with a company. The study puts more importance, however, on a less accommodative crisis communication strategy, the excuse strategy.

The finding that the excuse strategy is more effective for consumers with strong identification supports the motivated reasoning theory that the manner of information process is determined by information recipient's motivation (Kunda, 1990). It is assumed, based on the results, that consumer-company identification influences recipient's motivation of information process. Given negative corporate information, consumers with strong identification with a company are motivated to reach a desired conclusion. Their defensive information process thus eventually reduces the perceived severity of the crisis and further minimizes corporate blame of the crisis.

On the other hand, the information process adopted by consumers weakly identified with the company is likely to be more objective and unbiased. The information process by such consumers may produce a perception that the crisis more severe and an attribution of responsibility to the company. This implies that given a corporate crisis situation, a crisis communication strategy may be interpreted differently by the level of

consumer's identification with the company. Hence, a specific crisis strategy effective for one group of people could fail with another group.

Interestingly, in Study 1, the motivated reasoning theory supported the notion that consumer-company identification leads consumers to process negative corporate information in a positively biased manner. In Study 2, the theory also provided a rationale for the effect of perceived fit between corporate associations and crisis type on consumer's motivation of information process. Given a negative corporate event that violates a company's core corporate associations, consumers may be motivated to process the information in a more negatively biased manner. Such speculations require more research that focuses on the information process in a corporate crisis context. In fact, a large body of corporate crisis communication research has focused on effective corporate response strategies from a public relations perspective. However, this study indicates the consumer-psychological approach to this issue is also necessary to enrich the literature and better understand consumer behavior in a crisis.

The present study contributes to not only the stream of context-oriented crisis communication research but also the body of research on corporate identification and associations. In addition to moderating factors identified in past research (e.g., crisis type; Dutta & Pullig, 2011, the severity of crisis; Kim, 2002, the timing of crisis disclosure; Claeys & Cauberghe, 2011, a person's locus of control; Claeys, Cauberghe, & Vyncke, 2010, consumers' prior expectations; Dawar & Pillutla, 2000, etc.), the study proves the moderating effect of perceived fit between corporate associations and crisis type on the effectiveness of different types of crisis communication strategies. This finding also

indicates corporate associations, which have been found effective in forming consumers' perceptions of companies in the context of marketing, should be considered as an important construct in selecting a corporate crisis response strategy.

### **Practical Implications**

It is of prime interest for corporate crisis managers to select, when necessary, an effective crisis communication strategy. Considering today's business environment where a company is continually at risk of being involved in some kind of a negative event, how to best choose the most appropriate and effective response strategy is a critical issue to marketers and corporate communicators. This study shows no difference manifested among the crisis communication strategies (excuse, compensation, apology). It should not be concluded, however, that any response strategy is equally effective in a crisis that can use any strategy.

Such a simple interpretation of the findings would, in reality, be ineffective. Indeed, all of the internal and external factors surrounding the crisis will simultaneously figure into consumer responses and their crisis-related actions. Under such complex conditions, one possible suggestion is to segment and target crisis communication. The selection of a corporate response strategy may be dependent on the nature of group of people involved in the crisis. If a crisis that deals with the public, not specifically current customers of the company, then a more accommodative strategy (a sincere apology and seeking forgiveness) may be more effective and necessary to minimize the negative outcomes. On the other hand, if a negative event happened to a certain group of people favorable to the company (e.g., membership customers, loyal customers), the company

may consider employing something less accommodating than the apology (e.g., financial aids) to reduce customer complaints. Or they may consider a defensive strategy (e.g., excuse, justification) to justify what happened. This implies that as marketing strategies are devised to market segmentation, a company can devise crisis response strategies depending on target audiences' characteristics. This segmentation and targeting of crisis communication can bring to a company the benefits of cost-effective crisis communication.

In addition, the findings point to the importance of consistent corporate associations/image management in non-crisis/routine situations as well as additional criteria to consider in selecting the best response strategy. While long and hard-earned corporate associations/images work for the positive in routine and non-crisis situations, they can backfire when the company is involved in a crisis that calls into question the veracity of such associations. In such cases, the crisis can be perceived as a violation of consumer expectation established by the corporate associations/image so as to require a more accommodative response strategy such as the apology strategy. This case not only carries with it a financial burden but also decimates long-made marketing efforts for establishing the corporate associations/image. Companies should strive to monitor preventive crisis management, especially, not to be involved in a crisis that violates with their corporate missions and values. Additionally, the study helps provide crisis managers/communicators with cost-effective crisis communication efforts depending upon perceived fit between corporate associations and crisis type. The study does not suggest that a certain crisis response strategy should be used in a certain crisis context.

Instead, it suggests that a more accommodative response strategy such as full crisis responsibility (e.g., apology strategy) is not always the best solution. From the perspective of cost-effective crisis communication, a less accommodative response strategy should be strategically employed in accordance to crisis situations/contexts.

### **Limitations and Future Research**

As with any research study, the present research has its limitations. The study used real companies to enhance external validity. One of its main interests was consumer-company identification. Hence, using real companies in the experiments was thought to be more reasonable and valid. Using real companies in the experimental design, however, may have threatened internal validity. Subjects' pre-existing attitudes and knowledge may have influenced their responses. For a corporate crisis, on the other hand, the study used fabricated crises. Future research should consider employing, for better consistency between internal and external validity, both real companies and real crises. In addition, the experiments were conducted in a laboratory setting. One time exposure to the newspaper article about a corporate crisis under time limits is totally different from being exposed to a great deal of news information about the corporate incident in reality. Such a controlled setting somewhat affects the external validity of the study. A more realistic setting in which consumers respond to a corporate crisis might produce different results. Also, the sample of this study was college students, but future research could extend the findings with a more representative sample.

Another promising avenue for future research is to delve into the interaction between type of crisis communication strategy and perceived fit between corporate

associations and crisis type in different settings. If the moderating effect of corporate associations-crisis type congruence on the effect of type of a crisis communication strategy were also found with a company possessing CSR associations, it would further validate this study's finding on the interaction. A more thorough examination of this issue warrants future research.

As discussed above, it would also be interesting to examine the relationship between consumer-company identification and feelings of betrayal. The present study failed to show the positive effect of consumer-company identification on the reduction of betrayed feelings. Thus, it would be valuable to look at if consumer-company identification is rather negatively related to feelings of betrayal in the corporate crisis context. Given a negative corporate incident, loyal consumers may rather hold strong feelings of betrayal and such betrayed feelings may lead to negative consumer behavior such as retaliation (Gregoire & Fisher, 2008). Investigating the "love turns to hate" effect would provide deeper insights into understanding consumer-company relationships, especially in a crisis situation.

The non-significant effect of identification on feelings of betrayal, in particular, leads to additional future research. In addition to examining the relationship between consumer-company identification and feelings of betrayal, other possible variables that relate to consumer's emotion of betrayal can be explored. For example, personal involvement in a crisis, a type of crisis, as confirmed in Study 2, a cognitive link between corporate associations and a crisis, and so forth can be added to the study to better

capture the relationship between consumer-company identification and feelings of betrayal.

In the research realm of consumer-company identification, future research can be further expanded to other brand-related concepts such as brand commitment, brand ownership, and brand loyalty. While consumer-company identification is one of the specific constructs that address consumer-company relationships, it may be highly related to other brand-related concepts. Today's corporations are strategically communicating as corporate brands to enhance brand assets by symbolizing the organizations and to facilitate the penetration of the global market. That is, a company positions itself as an overarching brand of its family of products. Apple, for instance, represents iPhone, iMac, iPad, iPod, and so forth. Nevertheless, corporate communication studies from a marketing perspective are still scant. Dealing with a company as more of a corporate brand, rather than an organization, will offer marketing significance theoretically and practically.



## Appendices

### Appendix A: Image Restoration Strategies (Benoit 1997)

Strategy	Key Characteristics
<i>Denial</i>	
Simple Denial	Did not perform act
Shift the Blame	Act performed by another
<i>Evasion of Responsibility</i>	
Provocation	Responded to act of another
Defeasibility	Lack of information or ability
Accident	Act was a mishap
Good Intentions	Meant well in act
<i>Reducing Offensiveness of Event</i>	
Bolstering	Stress good traits
Minimization	Act not serious
Differentiation	Act less offensive
Transcendence	More important considerations
Attack Accuser	Reduce credibility of accuser
Compensation	Reimburse victim
<i>Corrective Action</i>	Plan to solve or prevent problem
<i>Mortification</i>	Apologize for act

## **Appendix B: SCCT Crisis Response Strategies (Coombs 2007a)**

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### **Primary crisis response strategies**

Deny crisis response strategies

*Attack the accuser:* Crisis manager confronts the person or group claiming something is wrong with the organization.

*Denial:* Crisis manager asserts that there is no crisis.

*Scapegoat:* Crisis manager blames some person or group outside of the organization for the crisis.

Diminish crisis response strategies

*Excuse:* Crisis manager minimizes organizational responsibility by denying intent to do harm and/or claiming inability to control the events that triggered the crisis.

*Justification:* Crisis manager minimizes the perceived damage caused by the crisis.

Rebuild crisis response strategies

*Compensation:* Crisis manager offers money or other gifts to victims.

*Apology:* Crisis manager indicates the organization takes full responsibility for the crisis and asks stakeholders for forgiveness.

### **Secondary crisis response strategies**

Bolstering crisis response strategies

*Reminder:* Tell stakeholders about the past good works of the organization.

*Ingratiation:* Crisis manager praises stakeholders and/or reminds them of past good works by the organization.

*Victimage:* Crisis managers remind stakeholders that the organization is a victim of the crisis too.

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**Appendix C: Identification with a Company Measurement**  
**(Einwiller et al. 1985)**

Please indicate what you think of each of the following statements by clicking the button that best represents your opinion. (“7” means “strongly agree” and “1” means “strongly disagree”)

I am somewhat associated with the company.

I have a sense of connection with the company.

I consider myself as belonging to the group of people who are in favor of the company.

Customers of the company are probably similar to me.

Employees of the company are probably similar to me.

The company shares my values.

Being a customer of the company is part of my sense of who I am.

Purchasing the company’s product would help me express my identity.

## **Appendix D: Perceptions of Crisis Communication Strategies Measurement (Coombs & Holladay 2008)**

Please indicate what you think of each of the following statements by clicking the button that best represents your opinion. (“7” means “strongly agree” and “1” means “strongly disagree”)

### **Study 1**

The company minimized their responsibility by claiming they were unable to control the incident.

The company offered money or other ways of compensation to the victims.

The company took full responsibility for the incident and asked for forgiveness.

### **Study 2**

Apple minimized their responsibility by claiming they were unable to control the incident.

Apple took full responsibility for the incident and asked for forgiveness.

**Appendix E: Feelings of Betrayal Measurement  
(Gregoire & Fisher, 2008)**

Please indicate what you think of each of the following statements by clicking the button that best represents your opinion. (“7” means “strongly agree” and “1” means “strongly disagree”)

After being aware of the incident described in the news article above, I felt cheated by the company.

After being aware of the incident described in the news article above, I felt betrayed by the company.

After being aware of the incident described in the news article above, I felt lied to by the company.

**Appendix F: Post-Crisis Corporate Reputation Measurement**  
**(Coombs & Holladay 2002; Coombs & Holladay 2008)**

Please indicate what you think of each of the following statements by clicking the button that best represents your opinion. (“7” means “strongly agree” and “1” means “strongly disagree”)

The company is concerned with the well-being of its publics.

The company is basically dishonest.

I do not trust the company to tell the truth about the incident.

Under most circumstances, I would be likely to believe what the company says.

The company is not concerned with the well-being of its publics.

**Appendix G: Perceived Corporate Credibility Measurement**  
**(Lafferty & Goldsmith, 1999; MacKenzie & Lutz, 1989)**

Please indicate your overall perception of the company by clicking the button that best represents your opinion.

unbelievable	__ :	__ :	__ :	__ :	__ :	__ :	__ :	believable
not credible	__ :	__ :	__ :	__ :	__ :	__ :	__ :	credible
not trustworthy	__ :	__ :	__ :	__ :	__ :	__ :	__ :	trustworthy
not dependable	__ :	__ :	__ :	__ :	__ :	__ :	__ :	dependable
unreliable	__ :	__ :	__ :	__ :	__ :	__ :	__ :	reliable
unreputable	__ :	__ :	__ :	__ :	__ :	__ :	__ :	reputable

**Appendix H: Attitude toward the Company Measurement**  
**(MacKenzie & Lutz 1989; Till & Busler 2000)**

Please indicate your overall perception of the company by clicking the button that best represents your opinion.

bad	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	good
unfavorable	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	favorable
unpleasant	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	pleasant
dislike	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	like
negative	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	positive



**Appendix I: Negative Word-of-Mouth Intention Measurement  
(Coombs & Holladay 2008)**

Please indicate what you think of each of the following statements by clicking the button that best represents your opinion. (“7” means “strongly agree” and “1” means “strongly disagree”)

I would encourage friends or relative not to buy products from the company.  
I would say negative things about the company and its products to other people.  
I would recommend the company’s products to someone who asked my advice.

**Appendix J: Purchase Intention Measurement**  
**(Till & Busler 2000)**

How likely is it that you would consider purchasing a product by the company?

unlikely	___:	___:	___:	___:	___:	___:	___:	likely
definitely would not	___:	___:	___:	___:	___:	___:	___:	definitely would
improbable	___:	___:	___:	___:	___:	___:	___:	probable

## **Appendix K: Perceived fit between Corporate Associations and Crisis Type Measurement**

Now, we would like you to take a few minutes to think about the corporate image associated with Apple and the incident described in the news story you just read. In particular, we would like to see what you think of each of the statements regarding the relevance of the incident you just read from the news story to Apple's expertise to produce and deliver its products and services.

### **Product Explosion Condition**

I think that the issue of product defects in general (like the product explosion incident described in the news story) is related to Apple's expertise in producing and delivering its products and services.

I think that the issue of product defects in general (like the product explosion incident described in the news story) is relevant to Apple's expertise in producing and delivering its products and services.

I think that the issue of product defects in general (like the product explosion incident described in the news story) tells something about Apple's expertise in producing and delivering its products and services.

### **Child Labor Practices Condition**

I think that the issue of child labor in general (like the child labor practices described in the news story) is related to Apple's expertise in producing and delivering its products and services.

I think that the issue of child labor in general (like the child labor practices described in the news story) is relevant to Apple's expertise in producing and delivering its products and services.

I think that the issue of child labor in general (like the child labor practices described in the news story) tells something about Apple's expertise in producing and delivering its products and services.

**Appendix L: Corporate Associations (CA and CSR) Measurement  
(Berns, Riel, & Bruggen, 2005)**

Please indicate what you think of each of the following statements by circling the number that best represents your opinion. (“7” means “strongly agree” and “1” means “strongly disagree”)

**Corporate Ability**

I think Apple develops innovative products and services.

I think that Apple offers high-quality products.

I think that Apple offers products that are good value for the price.

I think that Apple is well managed.

I think that Apple employs talented people in comparison with its competitors.

**Corporate Social Responsibility**

I think that Apple supports good causes.

I think that Apple behaves responsibly regarding the environment.

I think that Apple is highly involved in the local community.

**Appendix M: Perceived Severity of Crisis Measurement**  
**(Gregoire & Fisher, 2008)**

Please indicate what you think of each of the following statements about the incident described in the news article you just read by clicking the button that best represents your opinion.

I think that the incident caused consumers:

minor problems	___	:	___	:	___	:	___	:	___	:	___	:	___	:	major problems
small inconveniences	___	:	___	:	___	:	___	:	___	:	___	:	___	:	big inconveniences
minor aggravation	___	:	___	:	___	:	___	:	___	:	___	:	___	:	major aggravation

## Appendix N: News Article Believability Measurement

Please indicate what you think of the news article above by clicking the button that best represents your opinion.

not at all believable	___	:	___	:	___	:	___	:	___	:	___	:	___	:	completely believable
not at all plausible	___	:	___	:	___	:	___	:	___	:	___	:	___	:	completely plausible
doesn't make sense at all	___	:	___	:	___	:	___	:	___	:	___	:	___	:	completely makes sense

## **Appendix O: Newspaper Article for Study 1**

### **Excuse Strategy**

**Associated Press** – April 13, 2012 – It has been reported that Dell was involved in polluting the Sierra Mac River. The source of the pollution turned out to be the spilling of a chemical known as phenol. According to a Dell spokesperson, a few days before the accident, one of the Dell plants located in the Sierra Mac River was found to have a malfunctioning pipeline linking the phenol storage tank to the production line. Dell replaced the pipeline. In spite of this measure, the preparatory pipeline ruptured and 10 tons of phenol poured into the Sierra Mac River, flowing near the plant. Following an investigation of the incident, inspectors found that a torrential downpour from the week before led to the rupturing of the preparatory pipeline.

At a press conference held early Thursday morning, Dell officials asserted that all appropriate measures had been taken to avoid any accident involving the malfunctioning pipeline. Claiming to be a victim of forces beyond its control, Dell declared the event could have happened to any company.

### **Compensation Strategy**

**Associated Press** – April 13, 2012 – It has been reported that Dell was involved in polluting the Sierra Mac River. The source of the pollution turned out to be the spilling of a chemical known as phenol. According to a Dell spokesperson, a few days before the accident, one of the Dell plants located in the Sierra Mac River was found to have a malfunctioning pipeline linking the phenol storage tank to the production line. Dell replaced the pipeline. In spite of this measure, the preparatory pipeline ruptured and 10 tons of phenol poured into the Sierra Mac River, flowing near the plant. Following an investigation of the incident, inspectors found that a torrential downpour from the week before led to the rupturing of the preparatory pipeline.

At a press conference held early Thursday morning, Dell officials pledged to invest \$200,000 dollars to restore the river. They also pledged that, as compensation for any inconvenience caused, they would give \$100 to each household affected by a water outage due to the accident.

## **Apology Strategy**

**Associated Press** – April 13, 2012 – It has been reported that Dell was involved in polluting the Sierra Mac River. The source of the pollution turned out to be the spilling of a chemical known as phenol. According to a Dell spokesperson, a few days before the accident, one of the Dell plants located in the Sierra Mac River was found to have a malfunctioning pipeline linking the phenol storage tank to the production line. Dell replaced the pipeline. In spite of this measure, the preparatory pipeline ruptured and 10 tons of phenol poured into the Sierra Mac River, flowing near the plant. Following an investigation of the incident, inspectors found that a torrential downpour from the week before led to the rupturing of the preparatory pipeline.

At a press conference held early Thursday morning, Dell officials accepted full responsibility for the incident. They said they hoped those affected by the incident could forgive them. They also promised to do their best to restore the river and that they would set up a 24-hour call center that people could call to get information about the incident.



## **Appendix P: Newspaper Article for Study 2**

### **Excuse Strategy + Congruent**

**CNN Worldwide Report** – April 20, 2012 – It has been reported that in Portland, Oregon, an Apple iPad 2 caught fire while being used by its owner. The cause is now being linked to the device's lithium ion battery overheating. The fire occurred while the owner was lying in bed watching a movie. According to the owner, he had fallen asleep and woke to his bed on fire. In the fire, no one was killed, though the owner was injured and there was extensive fire damage to the house.

At a press conference held early Thursday morning, Apple officials vigorously denied the alleged link to a defective battery. The company claimed that all the appropriate measures had been taken. They also asserted that Apple technicians had examined the battery and found it not to be defective. Apple claimed that another cause might be found for the fire and urged fire officials to investigate the premises again. The company also urged its customers to follow the basic precaution of not leaving the iPad running all night on a flammable surface like a bed sheet. They also declared that the product was safe and the incident resulted from the consumer's inattentive use, thus a recall will not be considered now and for the future.

### **Excuse Strategy + Incongruent**

**CNN Worldwide Report** – April 13, 2012 – Apple admitted that their suppliers in China had been caught using child labor. Last week, a Shanghai newspaper broke the news of child labor practices in unsafe conditions at Apple plants in China. Chinese police are currently looking into allegations of exploitation of underage workers at the plants operated by Apple suppliers.

At a press conference held early Thursday morning, Apple officials strongly asserted that they had done due diligence in ensuring that no underage workers were employed at their factories in China. In reality, however, Apple conceded that it is impossible to exercise complete control over what happens at these factories. They also said that as long as the desire for family income and for cheap labor trumps respect for children's rights, this deplorable, though entrenched, practice would be likely to continue.

### **Apology Strategy + Congruent**

**CNN Worldwide Report** – April 13, 2012 – It has been reported that in Portland, Oregon, an Apple iPad 2 caught fire while being used by its owner. The cause is now being linked to the device's lithium ion battery overheating. The fire occurred while the owner was lying in bed watching a movie. According to the owner, he had fallen asleep and woke to his bed on fire. In the fire, no one was killed, though the owner was injured and there was extensive fire damage to the house.

At a press conference held early Thursday morning, Apple officials accepted full responsibility for the incident. They hoped that the consumer's family could forgive them. Apple officials pledged to compensate the family and immediately recall 5000 iPads falling within a range of specific serial numbers. Apple said that these iPads are the only ones using that type of battery and they would replace these batteries free of charge.

### **Apology Strategy + Incongruent**

**CNN Worldwide Report** – April 13, 2012 – Apple admitted that their suppliers in China had been caught using child labor. Last week, a Shanghai newspaper broke the news of child labor practices in unsafe conditions at Apple plants in China. Chinese police are currently looking into allegations of exploitation of underage workers at the plants operated by Apple suppliers.

At a press conference early Thursday morning, Apple officials accepted full responsibility for the child labor practices carried out by their suppliers in China. Officials said they hoped that consumers could forgive the company for allowing such a breach of labor practices to occur. They said that they would make every effort to eradicate the deplorable practice of hiring children. They pledged to strengthen workplace supervision by sending out more managers from headquarters to monitor labor practices.

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